

Strategic Support

Mayor, City Council and Appointees



Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services. Council Appointees exist to support and advance the collective work done by the City organization through leadership, communication, and coordination.*

Mayor and City Council

- Office of the Mayor
- City Council
- Council General

Office of the City Attorney

- Legal Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

- Analyze, Develop, and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate City-Wide Service Delivery

Office of the Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Redevelopment Agency

- Core Services aligned to the Community and Economic Development CSA

Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

Budget at a Glance

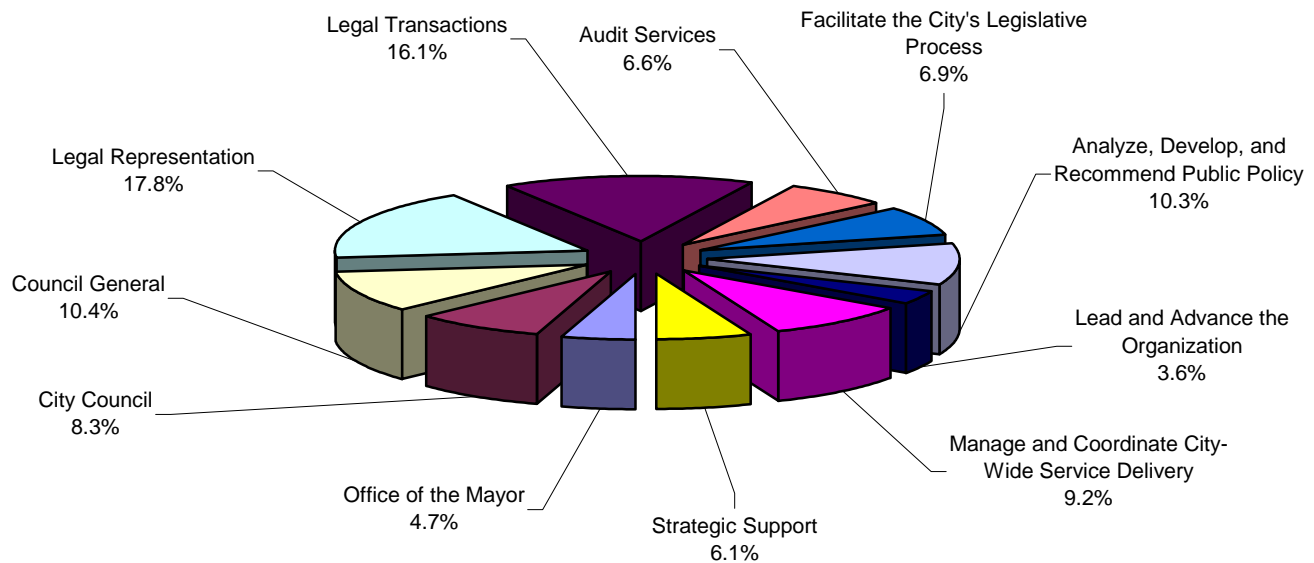
	2006-2007 Adopted	2007-2008 Adopted	% Change
Total Budget (All Funds)	37,984,732	41,111,287	8.2%
Total Authorized Positions	193.87	220.12	13.5%

Budget & Performance Highlights

- Per Council direction, the Mayor, City Council, and Appointees' budgets have been reduced by 4.7%, the average percentage reduction for non-public safety city service areas.
- The Mayor and City Council will continue to review public policy and programs, adopting those policies that best meet the needs of the residents, visitors, and businesses in San José.
- The Office of the City Attorney will continue to provide legal counsel and advice, prepare legal documents, and provide legal representation to advocate, defend, and prosecute matters on behalf of the interests of the City of San José and the San José Redevelopment Agency. Included in this budget is the elimination of two vacant Legal Administrative Assistant II positions, a vacant Legal Analyst II, a vacant Associate Deputy City Attorney, and miscellaneous non-personal/equipment reductions.
- The Office of the City Auditor will continue to conduct performance audits, special audits, and reviews and provide efficient and effective services with plans to improve the Auditor's website, provide training to City employees on how to incorporate the Office's audit approach into their management philosophy, and explore ways to increase cooperation with, and provide assistance to, other City Council Appointee offices. To facilitate these efforts, an additional Senior Program Performance Auditor has been added in the 2007-2008 Adopted Budget in accordance with City Council's approval of the Mayor's March Budget Message. Also included is funding from the San José Redevelopment Agency (SJRA) for audit services performed for the SJRA.
- The Office of the City Clerk will continue to ensure that vital and mandated services are provided and look to enhance customer service by providing more transparent legislative services and easier access to public information. An Analyst II position has been added to the Office to increase capacity for posting notices and responding to information requests. Also, funding is included for election costs for a new fire station ballot measure.
- The City Manager's Office will continue to provide the day-to-day leadership of the organization, direction on important community-based policies, and work to increase the public's involvement in its public policy making, including expanded public access to legislative meetings and public information. This effort includes support for the Sunshine Reform Task Force comprised of individuals from several sectors of the community including academic, business, labor, and non-profits to provide oversight to this challenge. The City Manager's Office will maintain its service objectives even with the reduction of resources, including the elimination of a vacant Assistant to the City Manager, a vacant Senior Executive Analyst, and a Deputy City Manager position that will become vacant due to a retirement. Approved additions to the Office include a Video/Multimedia Producer and a Senior Executive Analyst dedicated to public record management and retention.

Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

2007-2008 Total Operations by Core Service



Mayor, City Council and Appointees Budget Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Dollars by Core Service					
Mayor and City Council					
Office of the Mayor	\$ 1,154,038	\$ 1,721,211	\$ 1,626,079	\$ 1,949,117	13.2%
City Council	2,037,509	3,051,092	2,487,450	3,426,252	12.3%
Council General	3,180,210	4,108,619	4,103,167	4,289,850	4.4%
Office of the City Attorney					
Legal Representation	5,873,542	7,027,246	7,620,391	7,328,130	4.3%
Legal Transactions	5,044,216	6,223,170	6,703,156	6,618,577	6.4%
Office of the City Auditor					
Audit Services	2,116,815	2,219,661	2,535,208	2,733,283	23.1%
Office of the City Clerk					
Facilitate the City's Legislative Process	2,274,534	2,304,364	2,592,632	2,832,039	22.9%
Office of the City Manager					
Analyze, Develop, and Recommend Public Policy	4,019,280	4,247,247	4,496,881	4,241,296	(0.1%)
Lead and Advance the Organization	1,676,193	1,375,787	1,473,940	1,436,158	4.4%
Manage and Coordinate City-Wide Service Delivery	2,451,673	3,453,018	3,643,076	3,763,335	9.0%
Office of the Independent Police Auditor*					
Independent Police Oversight	N/A	N/A	N/A	N/A	N/A
Strategic Support					
	1,772,685	2,253,317	2,293,250	2,493,250	10.6%
Total	\$ 31,600,695	\$ 37,984,732	\$ 39,575,230	\$ 41,111,287	8.2%
Authorized Positions	189.87	193.87	219.12	220.12	13.5%

* The Office of the Independent Police Auditor Core Service is aligned to the Public Safety CSA. Please refer to that section of this budget summary information.

Mayor, City Council and Appointees***ADOPTED INVESTMENT CHANGES***

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
MAYOR AND CITY COUNCIL			
<i>Office of the Mayor</i>			
• Office of the Mayor Budget Reduction and Technical Adjustment		(176,962)	(176,962)
• Rebudget: 2006-2007 Expenditure Savings		500,000	500,000
<i>City Council</i>			
• City Council Budget Reduction and Technical Adjustment		33,611	33,611
• Rebudget: 2006-2007 Expenditure Savings		905,191	905,191
<i>Council General</i>			
• Council General Budget Reduction and Technical Adjustment		(214,458)	(214,458)
• Rebudget: 2006-2007 Expenditure Savings		401,141	401,141
<i>Subtotal</i>	0.00	1,448,523	1,448,523
 <i>Outcome:</i> CITY AND SAN JOSE REDEVELOPMENT AGENCY INTERESTS ARE PROTECTED AND ADVANCED			
<i>Legal Representation (City Attorney)</i>			
• Attorney's Office Non-Personal/Equipment Efficiencies		(126,493)	(126,493)
• Attorney's Office Legal Staffing	(1.00)	(104,357)	(104,357)
• Attorney's Office Administrative Support Staffing	(0.70)	(61,411)	(61,411)
<i>Subtotal</i>	(1.70)	(292,261)	(292,261)
 <i>Outcome:</i> CITY AND SAN JOSE REDEVELOPMENT AGENCY BUSINESS IS CONDUCTED LAWFULLY			
<i>Legal Transactional Services (City Attorney)</i>			
• Attorney's Office Administrative Support Staffing	(2.30)	(197,701)	(197,701)
• Attorney's Office Non-Personal/Equipment Efficiencies		(36,878)	(36,878)
• Attorney's Office Sunshine Reform Task Force Legal Support		50,000	50,000
• Rebudget: Standard Specifications Project Contract		100,000	100,000
<i>Subtotal</i>	(2.30)	(84,579)	(84,579)
 <i>Outcome:</i> IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT			
<i>Audit Services (City Auditor)</i>			
• Student Intern Work Hours		(97,268)	(97,268)
• Performance Audit Staffing Reallocation		(26,763)	(26,763)
• Redevelopment Agency Audit Services		200,000	200,000
• Performance Audit Staffing Expansion	1.00	122,106	122,106
<i>Subtotal</i>	1.00	198,075	198,075

Strategic Support

Mayor, City Council and Appointees
ADOPTED INVESTMENT CHANGES

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<i>Outcome:</i> THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY			
<i>Facilitate the City's Legislative Process (City Clerk)</i>			
• Clerk's Office Non-Personal/Equipment Efficiencies		(15,273)	(15,273)
• Clerk's Office Overtime Funding		(1,720)	(1,720)
• Clerk's Office Sunshine Reform Staffing and Non-Personal/Equipment	1.00	116,400	116,400
• New Fire Station Ballot Measure Election Costs		95,000	95,000
• Rebudget: Clerk's Office Automation Technology		45,000	45,000
<i>Subtotal</i>	1.00	239,407	239,407
<i>Outcome:</i> THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS			
<i>Analyze, Develop, and Recommend Public Policy (City Manager)</i>			
• City Manager Administration/Special Projects Staffing	(1.00)	(135,525)	(135,525)
• City Manager Analytical Staffing	(1.00)	(120,060)	(120,060)
<i>Lead and Advance the Organization (City Manager)</i>			
• Bay Area Employee Relations Service		(37,782)	(37,782)
<i>Manage and Coordinate City-Wide Service Delivery (City Manager)</i>			
• Deputy City Management Staffing	(1.00)	(205,841)	(205,841)
• Strong Neighborhoods Initiative (Expanded)	4.00	0	0
• City Manager Sunshine Reform Staffing and Non-Personal/Equipment	1.00	231,100	231,100
• City Manager Multimedia Staffing	1.00	95,000	95,000
<i>Strategic Support (City Manager)</i>			
• Rebudget: City Manager Projects		200,000	200,000
<i>Subtotal</i>	3.00	26,892	26,892
Total Core Service Changes	1.00	1,536,057	1,536,057

Strategic Support CSA

Mayor and City Council



Mission: *The Mayor and City Council serve as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of City services.*

The municipal government established by the City Charter is a “Council-Manager” form of government. The City Council serves as the policy body that provides direction to the City Manager and all Council Appointees in the delivery of services to the residents and businesses of San José.



The mission of the Office of the Mayor is further spelled out in the City Charter. The Charter states that the Mayor shall be the political leader within the community by providing guidance and leadership to the Council, by expressing and explaining to the community the City’s policies and programs and by assisting the Council in the informed, vigorous and effective exercise of its powers. Political leadership shall be concerned with the general development of the community and the general level of City services and activity programs.



Primary Partners

Mayor and City Council

Office of the City Attorney

Office of the City Auditor

Office of the City Clerk

Office of the City Manager

Office of the Independent
Police Auditor

BUDGET PROGRAMS

- Office of the Mayor
- City Council
- Council General

Strategic Support CSA

Budget Program: Office of the Mayor *Mayor and City Council*

The Office of the Mayor is responsible for developing and proposing the fiscal priorities of the City; appointing Councilmembers to the City's standing committees, boards, and commissions; providing guidance and leadership to the City Council; explaining to the community the

City's policies and programs; assisting the Council in effective exercise of its powers; and providing political leadership. The Mayor's Office also supervises the Charter-established Public Information Office responsible for the dissemination of public information and the coordination of the City's marketing efforts.

Program Budget Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Operating Expenditures	\$ 1,154,038	\$ 1,721,211	\$ 1,626,079	\$ 1,949,117	13.2%
Total	\$ 1,154,038	\$ 1,721,211	\$ 1,626,079	\$ 1,949,117	13.2%
Authorized Positions	N/A	N/A	N/A	N/A	N/A

Budget Changes By Program

Adopted Program Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of the Mayor Budget Reduction and Technical Adjustment		(176,962)	(176,962)
This action implements a technical adjustment to correct and reduce the Mayor's Office 2007-2008 Base Budget by \$105,575. After this adjustment, a general reduction of \$71,387 was applied to the Office of the Mayor's operating expenditures, equal to the average reduction approved for non-public safety departments, as directed in the 2007-2008 Mayor's March Budget Message approved by the City Council. (Ongoing savings: \$171,966)			
2. Rebudget: 2006-2007 Expenditure Savings		500,000	500,000
This action rebudgets 2006-2007 expenditure savings of \$500,000 for use in 2007-2008. (Ongoing costs: \$0)			
2007-2008 Adopted Changes Total	0.00	323,038	323,038

Strategic Support CSA

Budget Program: City Council *Mayor and City Council*

As established by Section 400 of the City Charter, the City Council exercises its power and determines policy through adoption of ordinances, resolutions, and motions subject to the provisions of the

City Charter and the State Constitution. The Council ensures the right of all persons to present grievances or offer suggestions for the betterment of municipal affairs.

Program Budget Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Operating Expenditures	\$ 2,037,509	\$ 3,051,092	\$ 2,487,450	\$ 3,426,252	12.3%
Total	\$ 2,037,509	\$ 3,051,092	\$ 2,487,450	\$ 3,426,252	12.3%
Authorized Positions	N/A	N/A	N/A	N/A	N/A

Budget Changes By Program

Adopted Program Changes	Positions	All Funds (\$)	General Fund (\$)
1. City Council Budget Reduction and Technical Adjustment		33,611	33,611
This action implements a technical adjustment to correct and increase the City Council's 2007-2008 Base Budget by \$157,801. After this adjustment, a general reduction of \$124,190 was applied to the City Council's operating expenditures equal to the average reduction approved for non-public safety departments, as directed in the 2007-2008 Mayor's March Budget Message approved by the City Council. (Ongoing costs: \$42,301)			
2. Rebudget: 2006-2007 Expenditure Savings		905,191	905,191
This action rebudgets 2006-2007 expenditure savings of \$905,192 for use in 2007-2008. (Ongoing costs: \$0)			
2007-2008 Adopted Changes Total	0.00	938,802	938,802

Strategic Support CSA

Budget Program: Council General *Mayor and City Council*

Council General provides funding resources to the Office of the Mayor and City Council. Included in this program are Mayor and City Council Members' salary and benefits, Council Assistant benefits,

clerical support for both offices, as well as funding for miscellaneous non-personal/equipment expenditures such as travel.

Program Budget Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Operating Expenditures	\$ 3,180,210	\$ 4,108,619	\$ 4,103,167	\$ 4,289,850	4.4%
Total	\$ 3,180,210	\$ 4,108,619	\$ 4,103,167	\$ 4,289,850	4.4%
Authorized Positions	N/A	N/A	N/A	N/A	N/A

Budget Changes By Program

Adopted Program Changes	Positions	All Funds (\$)	General Fund (\$)
1. Council General Budget Reduction and Technical Adjustment		(214,458)	(214,458)
This action implements a technical adjustment to correct and decrease the Council General's 2007-2008 Base Budget by \$22,675. After this adjustment, a general reduction of \$191,783 was applied to the Council General's operating expenditures equal to the average reduction approved for non-public safety departments, as directed in the 2007-2008 Mayor's March Budget Message approved by the City Council. (Ongoing savings: \$201,033)			
2. Rebudget: 2006-2007 Expenditure Savings		401,141	401,141
This action rebudgets 2006-2007 expenditure savings of \$401,141 for use in 2007-2008. (Ongoing costs: \$0)			
2007-2008 Adopted Changes Total	0.00	186,683	186,683

Strategic Support CSA

Office of the City Attorney



Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent
Police Auditor

Mission: *The Office of the City Attorney is committed to providing excellent legal services, consistent with the highest professional and ethical standards, to the City and Redevelopment Agency, with the goal of protecting and advancing their interests in serving the people of San José.*

The Office of the City Attorney serves as legal counsel to San José's City government, including the Mayor, City Council, Council Appointees, and the City's various departments, boards, committees, and commissions. The Office also serves as General Counsel to the San José Redevelopment Agency (SJRA).

The Office has a diverse staff of highly talented professionals with the expertise to provide comprehensive legal services for a wide range of issues. Key services provided by the Office include:

- Legal counsel at meetings of the City Council and SJRA, and meetings of all major boards, commissions, and committees
- Oral and written legal counsel, advice and opinions
- Preparation and review of legal documents to implement official City and SJRA actions
- Legal research and legislative analyses
- Facilitate city-wide training sessions to keep staff informed of current laws
- Initiate and defend lawsuits and other legal actions
- Prosecute criminal proceedings involving violations of the Municipal Code
- Seek injunctions for general nuisance; and gang and drug abatements to promote public safety
- Representation at administrative hearings
- Claims management
- Pursuit of monetary damages
- Workers' compensation legal advice, investigation, and litigation services

CSA OUTCOMES

- City and San José Redevelopment Agency Business is Conducted Lawfully
- City and San José Redevelopment Agency Interests are Protected and Advanced

Strategic Support CSA
Office of the City Attorney
FIVE-YEAR BUSINESS PLAN

Current Position *How are we doing now?*

- General Fund budget reduction actions implemented over the past five years have cumulatively decreased Office resources to minimum levels at a time when the demand for legal services has increased. Staffing level is currently at 98.62 authorized positions, as compared to 104.62 authorized positions in 2001-2002. Of these 98.62 positions, 8.0 are currently vacant. In 2006-2007, the Office's non-personal/equipment appropriation was reduced by \$101,307 to \$1.09 million, down from \$1.3 million in 2001-2002.
- In comparing staffing levels to city attorney offices for other large cities in California, the attorney per capita ratio for the San José City Attorney's Office is lower than Los Angeles, San Diego, San Francisco, and Oakland. In addition to already running a lean operation, the Office reallocated personnel this year to address staffing shortages created by vacancies and extended leaves of absence.
- Legal services are principally provided with in-house staff. Outside counsel has been hired to provide support for specialized transactional matters; however, all of the City's litigation is currently handled in-house. Limiting the use of costly outside legal counsel results in significant budgetary savings. The Office spent \$460,426 for outside counsel services in 2005-2006. In comparison, the cities of Los Angeles, San Francisco, Oakland, and Long Beach spent \$23 million, \$6.8 million, \$5.3 million, and \$1.24 million respectively, for outside counsel services over the same period.
- An unpaid internship program for law students and attorneys newly admitted to the California State Bar has benefited both the volunteers and the Office. The interns and new attorneys are given an opportunity to gain practical experience, and the support provided to the Office has assisted in filling gaps created by the staffing shortage.
- 2006 survey results indicate that 98% of the respondents were satisfied with the overall legal services provided by the Office.
- A newly created ethics legal team is managing an increasing workload related to the Sunshine Reform Task Force and the Elections Commission. The team is also responsible for facilitating city-wide ethics training and providing legal support for the proposed reforms to campaign, election, lobbyist, and conflict of interest ordinances.
- Legal transactional teams dedicate substantial staff hours to several major City and SJRA projects, including the Affordable Housing Initiative, Airport facility expansion, and Strong Neighborhoods Initiative (SNI) project implementation.
- The Office is increasing the number of training sessions facilitated for City staff, and strengthening its internal employee training program.
- In 2005-2006, the Office generated over \$9.8 million in revenue from plaintiff cases. The Office continues to aggressively seek monetary damages on behalf of the City and the SJRA.
- Significant resources are committed to responding to Public Records Act requests. Extensive staff time is devoted to collecting, reviewing and indexing documents, and finalizing the City's response within the legally-mandated timeframes.
- Responding to Santa Clara County Grand Jury special investigations frequently strains litigation and transactional resources.
- Legal Representation workload highlights are listed below:
 - ❑ 967 open litigation files including civil, criminal, and administrative proceedings, of which 344 are Police cases
 - ❑ 669 active civil lawsuits pending in State, federal, and appellate courts
 - ❑ 304 workers' compensation litigated claims
 - ❑ 496 general liability claims filed in 2005-2006
 - ❑ SNI legal team collected \$158,967 in fines and judgments in 2005-2006, which brings the total collected since July 2001 to \$1,054,639

Current Position *How are we doing now? (Cont'd.)*

- Transactional division workload highlights for 2005-2006 are listed below:
 - ❑ 313 Ordinances prepared
 - ❑ 438 Resolutions prepared
 - ❑ 4,769 Agreements reviewed/prepared
 - ❑ 2,153 City Council/SJRA/Manager memoranda prepared
 - ❑ 1,321 City Council/SJRA Board memoranda reviewed

Trends / Issues / Opportunities *What developments require our response?*

- The City continues to confront a structural fiscal imbalance where expenditures exceed revenues. 2007-2008 will be the sixth consecutive year that budget reduction actions are required to address a General Fund shortfall. As approved by the City Council as part of the 2007-2008 Mayor's March Budget Message, the City Attorney's Office recommended budget reduction plan represents a 4.7% decrease, the average percentage reduction by non-Public Safety City Service Areas, and eliminates four positions and reduces the non-personal/equipment appropriation by \$163,371, a 15% decrease.
- The Office has allocated significant legal resources to support the adoption and implementation of open government reforms initiated by the Mayor and Sunshine Reform Task Force.
- Federal court rules, effective December 1, 2006, along with recent court decisions related to discovery of electronic data, will require the Office to commit considerable resources, both in terms of personnel and costs, to respond to this type of discovery. In addition to obtaining hardcopy records for litigation purposes, the Office now has to review all electronically stored documents and communications, including examination of e-mail, cell phones, PDA's, as well as hard drives and servers where copies of correspondence might be stored. It will be necessary to purchase specialized computer software to provide advanced analysis and electronic document review. Hiring outside consultants may be necessary in some cases to adequately address electronic discovery situations. The court can impose sanctions for failure to comply with the new electronic discovery rules, thus it is important to establish city-wide processes as soon as possible. It is anticipated that the State courts will soon impose similar electronic discovery requirements.
- Coordinate a comprehensive city-wide review of electronic record retention policies and practices with the City Manager's Office.
- The Airport Master Plan, including related facility expansion, is the largest set of capital projects ever undertaken by the City. Project implementation requires extensive legal services.
- The City is currently implementing one of the largest capital infrastructure investment programs in its history. Legal services demand will increase with respect to the implementation of these projects.
- Public Records Act requests continue to grow in number and complexity. Responding to these time-sensitive requests demand a significant amount of staff time.
- Implementation of the SNI projects in neighborhoods throughout the City requires extensive legal services in drafting and reviewing documents.
- There is a concern that salary ranges for attorney classifications in the Office have fallen below the local market for comparable employers. The Office will initiate a process to review salary ranges in an effort to retain skilled employees and to competitively recruit highly qualified candidates.

Strategic Support CSA
Office of the City Attorney
FIVE-YEAR BUSINESS PLAN

Policy Framework *What policies guide our strategies?*

The City Attorney's Office is a strategic support department and the development of the Business Plan is based on the following factors:

- Legal mandates
- Direction from the City Council and SJRA Board
- CSA Five-Year Business Plans that provide the foundation to forecast the legal needs of the City and the SJRA
- SNI neighborhood plans
- Economic Development Strategy
- City of San José 2020 General Plan

Key Strategic Goals & Objectives *Where are we going?*

The City Attorney's Office Five-Year Business Plan is pertinent to the following two outcomes.

Outcome 1: City and San José Redevelopment Agency Business is Conducted Lawfully

Outcome 2: City and San José Redevelopment Agency Interests are Protected and Advanced

- Work together with City and SJRA staff to legally implement official City and SJRA actions
- Advocate, defend, and prosecute matters on behalf of the City and the SJRA
- Provide excellent legal services in an ethical, cost effective, and timely manner
- Efficiently manage resources to support daily operational needs
- Build internal capacity to flexibly respond to changing legal needs
- Employ state-of-the-art technology to increase efficiencies

Strategic Support CSA
Office of the City Attorney
TWO-YEAR INVESTMENT STRATEGY

Overview

The City Attorney's Office Investment Strategy focuses on balancing the need to reduce General Fund expenditures while continuing to deliver excellent legal services in a timely manner. As legal counsel for the tenth largest city in the United States, the Office manages an extremely high volume of transactional and litigation work.

With few exceptions, meeting the workload demand has been achieved with in-house personnel. The Office is fortunate to have a diverse staff of professionals with experience in a wide variety of practice areas. This broad expertise enables the Office to handle matters that otherwise would need to be sent to specialized outside counsel. Compared with most other large cities in California, San José spends considerably less on specialized outside counsel, resulting in significant budget savings. The demand for legal services has not diminished, and in fact, has increased in many areas, particularly work related to Public Records Act requests, responding to electronic discovery, and Mayor and Sunshine Reforms, including proposed reforms to campaign, election, lobbyist, and conflict of interest ordinances. The Office preserved two critical vacant positions in this year's budget, and will make it a priority to fill both of these positions.

For 2007-2008, City departments are required to implement budget reduction actions. The budget reduction plan reduces the non-personal/equipment budget by \$163,371, including an ongoing reduction of \$126,493. This follows an ongoing reduction in 2006-2007 that reduced the non-personal/equipment budget by \$101,307. The combined total results in a 22% decrease to this appropriation over a two-year period. Absorbing this reduction will be a challenge; however, the Office will make the required expenditure adjustments to stay within budget by reducing operational expenses related to training, equipment, supplies, and legal resources. The 2007-2008 non-personal/equipment budget reduction is partially offset by an addition of \$100,000 rebudgeted from 2006-2007 and \$50,000 for Sunshine Reform Task Force legal support.

The Office has an unpaid internship program for law students and attorneys newly admitted to the California State Bar. This successful program has been valuable for both parties as the interns and new attorneys gain practical experience and the Office receives much needed legal support. The Office would like to convert this program to a paid internship program this year to expand the candidate pool, and will evaluate the feasibility of doing so without requesting a budget augmentation.

Training remains an important component of staff's professional development. The Office made a strong effort this past year to increase the number of internal training sessions, and staff was encouraged to attend legal educational seminars. The reduction to next year's budget will limit staff's outside training opportunities, thus it will be important for the Office to continue its efforts to strengthen the in-house training program to keep staff informed of changes in the law that may affect legal advice provided to clients, or the handling of litigation matters. The attorneys are also required by law to obtain a minimum amount of continuing legal education to maintain their State Bar membership.

The Office's information technology master plan, prepared in November 2005 with the assistance of the Information Technology Department, identified the need to replace aging computers and increase server capacity. In 2006-2007, the Office successfully achieved many of the tasks outlined in the master plan, including the replacement of all desktop computers. Electronic file storage capacity was increased and a newly installed tape drive device enables the Office to back-up and store its data on a dedicated system separate from the City's central IT server. This strengthens the ability to protect work product confidentiality. The Office will continue to be proactive in seeking technology tools to enhance operational efficiencies, particularly to assist with managing electronic discovery requests.

The City Attorney's Office recognizes that these lean budget times have challenged the entire City organization to maintain service levels with fewer resources. The Office remains committed to providing excellent legal services and will continue to work together with the City and the SJRA staff to achieve organizational goals.

Strategic Support CSA
Office of the City Attorney
TWO-YEAR INVESTMENT STRATEGY

Overview (Cont'd.)

The investment strategy for the Office focused on three primary goals:

- Reduce General Fund expenditures.
- Manage resources efficiently and cost effectively.
- Build internal capacity to respond to changing legal needs, and prepare for legal services associated with the projects set forth in the CSA Five-Year Business Plans.

Key Investments & Objectives *How will we accomplish our goals?*

Outcome 1: City and San José Redevelopment Agency Business is Conducted Lawfully

Year 1: 2007-2008 – Planned Service Strategies

- Provide legal counsel at meetings of the City Council and Redevelopment Agency Board, and meetings of all major boards, committees, and commissions.
- Provide oral and written legal advice and opinions.
- Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents to implement official City and SJRA actions.
- Perform legal research and legislative analyses.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.
- Ongoing reductions to the General Fund personal services appropriation include elimination of 1.0 Legal Analyst position, and 1.0 Legal Administrative Assistant position.
- One-time reduction of \$36,878 to the General Fund non-personal/equipment appropriation. In 2007-2008 this reduction is offset by an addition of \$50,000 for Sunshine Reform Task Force legal support.

Year 2: 2008-2009 – Projected Service Strategies

- Provide legal counsel at meetings of the City Council and Redevelopment Agency Board, and meetings of all major boards, committees, and commissions.
- Provide oral and written legal advice and opinions.
- Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents to implement official City and SJRA actions.
- Perform legal research and legislative analyses.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.
- Additional reductions to the personal and non-personal/equipment budget may be required to address a budget shortfall.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 2: City and San José Redevelopment Agency Interests are Protected and Advanced

Year 1: 2007-2008 – *Planned Service Strategies*

- Initiate and defend legal actions involving the City and the SJRA.
- Aggressively seek monetary damages on behalf of the City and the SJRA.
- Prosecute municipal code violations.
- Investigate and respond to claims filed against the City and the SJRA.
- Conduct and coordinate confidential internal City investigations.
- Provide workers' compensation legal advice, investigation, and litigation services.
- Coordinate complex Public Records Act requests.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.
- Ongoing reductions to the General Fund personal services appropriation include elimination of 1.0 Associate Deputy City Attorney position, and 1.0 Legal Administrative Assistant position.
- Ongoing reductions to the General Fund non-personal/equipment appropriation of \$126,493 will decrease litigation resources.

Year 2: 2008-2009 – *Projected Service Strategies*

- Initiate and defend legal actions involving the City and the SJRA.
- Aggressively seek monetary damages on behalf of the City and the SJRA.
- Prosecute municipal code violations.
- Investigate and respond to claims filed against the City and the SJRA.
- Conduct and coordinate confidential internal City investigations.
- Provide workers' compensation legal advice, investigation, and litigation services.
- Coordinate complex Public Records Act requests.
- Cost recovery of legal services provided to the Police Department's Division of Gaming Control.
- Additional reductions to personal and non-personal/equipment budgets may be required to address a budget shortfall.

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Core Service Purpose

Advocate, defend, and prosecute on behalf of the City's and Redevelopment Agency's interests.

Key Operational Services:

- ☐ Provide legal representation in virtually all matters, cases, and controversies arising from claims by or against the City and the Redevelopment Agency
- ☐ Retain, coordinate, and supervise outside legal counsel that represent the City or the Redevelopment Agency in matters involving litigation
- ☐ Prosecute criminal proceedings involving violations of the San José Municipal Code
- ☐ Provide legal representation before the State, federal, and appellate Courts, agencies and boards, including the Workers' Compensation Board, and at adversarial hearings before City boards and commissions
- ☐ Provide pre-litigation advice and counsel to avoid litigation and to protect the City's interests should litigation occur

Performance and Resource Overview

Legal representation is provided by the City Attorney's Office on behalf of the Mayor, City Council, Council Appointees, City Departments, City and San José Redevelopment Agency (SJRA) employees, and City boards and commissions.

The purpose of legal representation is to advocate, defend, and prosecute on behalf of the City and the SJRA. This includes a wide variety of activities and objectives that collectively attempt to protect the City and the SJRA's rights, minimize civil and financial liability, and advance community welfare.

Legal representation services include: general liability claims management; defending lawsuits; pursuit of contractual indemnities and appropriate insurance tenders; coordination of outside legal counsel; alternative dispute resolution; workers' compensation investigations and litigation; initiation of litigation; prosecution of municipal code violations; seeking injunctions for general nuisance; and gang and drug abatements to promote safer communities. The litigation and transactional attorneys work collaboratively to provide advice and counsel to the City and the SJRA in a proactive effort to reduce litigation risks.

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

The Litigation Division is managing a current caseload of 967 open litigation files, including criminal, civil, and administrative proceedings. Of these matters, 669 are civil lawsuits pending in the State, federal, and appellate courts. The Office is managing this high caseload entirely with in-house staff. The average caseload per attorney is approximately 57 cases, including 39 civil court cases and 18 other matters, such as civil service cases, administrative code enforcement appeals, criminal prosecutions, and Pitchess motions.

Police-related cases account for 344 of the open files. One police sergeant and two officers assigned to the Office provide claims and litigation support, including Strong Neighborhoods Initiative enforcement actions. This staffing level is not adequate to handle the current workload. In 2003-2004, the Police Department eliminated one of the two sergeant positions that had been assigned to the City Attorney's Office since 1985. Some of the police-related claims have been reassigned to civilian personnel, and this has impacted Office operations in other areas. Discussions with the Police Department will be initiated to explore the feasibility of restoring the second sergeant position in the future. The Office continues to work closely with Police Administration to communicate the status of cases and to discuss operational issues that may arise during the course of litigation.

There were 496 liability claims filed against the City and Agency in 2005-2006. These claims are handled by the Office's litigation legal analysts and police personnel. Claims management begins with an investigation that may involve witness interviews, evidence collection, taking photographs or videos and conducting surveillance. Upon completion of an investigation, the facts are reviewed in light of applicable law to determine the appropriate legal action. If liability is at issue, damages are evaluated prior to settlement negotiation. Staff also provide litigation support to the attorneys and appear at small claims court to defend the City and the SJRA when necessary.

A consultant hired by the City to perform an assessment of the risk management program recently issued a report that compared the City's tort liability cost per claim with other California local governments of varying size. The City's average cost per claim is lower than all but one of the twelve entities included in the report, and significantly below the two other large cities surveyed. For fiscal years 2002 to 2005, the City's average cost per claim was \$5,241, as compared to \$27,223 and \$16,022 for the other large cities. The consultant's report further states that the average liability loss per \$100 of payroll for the years 2002 to 2005 is \$0.76, the lowest of all the entities surveyed. This data confirms that the Office is running a cost-effective operation, and our tough settlement stance reduces the City's costs.

As discussed in the Business Plan, the litigation attorneys will need to become familiar with newly enacted federal court rules related to discovery of electronic data. It is anticipated that the State courts will soon impose similar electronic discovery requirements. These changes will undoubtedly impact the workload and alter current business practices. The Office will work with City staff to review electronic record retention policies and establish standard procedures to respond to electronic discovery, because that process involves examination of a large volume of electronically stored documents and communications. Staff is currently evaluating specialized computer software

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

to assist the Office with advanced analysis of electronic documents. Hiring outside consultants may be necessary in some cases to adequately address electronic discovery situations.

The Office has created legal groups to fortify our practice in a variety of areas including appellate, construction, eminent domain, employment, police civil rights, unfair business practices, and writs/land use. These groups, comprised of both litigation and transactional attorneys with subject matter expertise, identify legal educational opportunities, review case law, discuss strategies for handling cases, establish standardized pleadings and discovery, and work collaboratively with departments to review City policies.

Over the past two years, the Litigation Division has experienced a significant workload increase in the areas of Public Records Act requests, ethics-related matters, and grand jury special investigations. These time-sensitive matters are often complex and the amount of work required to respond to these high priority issues has consumed substantial litigation resources. It does not appear that this workload demand will diminish in the near future. Considerable resources are also devoted to a number of major City and SJRA projects, and this need is anticipated to continue into 2007-2008. Some of these cases are related to the following matters:

- Strong Neighborhoods Initiative – Code Enforcement and Abatement Actions
- Gaming Control Regulation
- Airport Noise Program
- San José Muni Water – Great Oaks Water
- Police Cases
- Employment Cases
- Labor Negotiations – Arbitrations
- Capital Projects – Construction Litigation
- Environmental – Watson Park

Although the primary litigation role of the Office is to defend lawsuits, the Office actively pursues cases to recover damages on behalf of the City and the SJRA. For 2005-2006, the Office generated \$9.8 million from plaintiff cases, with the tobacco settlement accounting for a large portion of this amount. The code enforcement actions initiated by the Strong Neighborhoods Initiative legal team generated \$158,967 in fines.

The workers' compensation unit, with four attorneys that provide advisory counsel and litigation services including appellate review, manages a workload of 986 litigated claims, 47 subrogation cases, and 47 investigations. The litigation legal analysts perform complex workers' compensation investigations. Major legislative changes affecting workers' compensation law, as a result of State Senate Bill 899, required extensive training for the attorneys, and have resulted in additional review of claims and litigation. Approximately 25% of the attorneys' time is dedicated to addressing

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

departmental claims procedures and regulations, and conducting monthly training sessions for City staff.

The workers' compensation attorneys are now responsible for the supervision and litigation of third party work-related injuries arising from Airport construction projects that began in 2005. This new program results from the insurance policies placed at the Airport, and the workload increase depends on the number of claims filed. Only a few minor claims have been filed to date; however, it is anticipated that more claims will be filed over the next few years.

The workers' compensation attorneys also coordinate third party subrogation cases. These cases resulted in a total recovery of \$65,497 in 2005-2006, an amount that is below the collection rate for the past years. This reflects fewer injuries with less disability, a good trend for City employees. The attorneys also coordinate cases with multiple claims involving issues related to workers' compensation, retirement, safety, the Americans with Disabilities Act, and the Family Medical Leave Act. The Office works closely with the Return to Work Program and Fitness for Duty of injured employees.

The City Attorney's Office conducts surveys every other year to assess customer satisfaction levels and to identify opportunities to better align services with customer expectations. Surveys have been helpful to understand the customers' perspective and to provide a framework for strengthening work relationships. The 2006 client survey showed an 89% satisfaction rating from respondents who reported that the Office kept them informed, in a timely manner, of significant developments of a litigated case. This is a sharp increase from the 66% satisfaction rating from the preceding survey. The Office recognizes the importance of maintaining timely and open communication with clients, and will continue to provide regular case status reports to clients. Fully 100% of respondents reported that they were satisfied with the overall legal representation services received from the Office. This is an improvement from the 84% satisfaction rating from the prior survey. The Office is highly encouraged by this favorable rating, and will strive to sustain this level of excellent service.

A performance measure for quality tracks the percentage of time that the final result of a case is consistent with the Office's analyses and recommendations. Final resolution of cases is by way of settlement, trial, or dismissal, depending upon the facts presented and the legal issues involved. It is the Office's responsibility to perform a thorough analysis of a case and to provide the client with a realistic forecast of potential outcomes. During 2005-2006, 92% of the litigation cases resulted in final resolution that was within the Office's case assessment.





Costs to hire outside local attorneys for litigation services vary from \$150 - \$600 per hour, for an average hourly rate of \$375. Rates vary depending on the type of law practice and level of experience. The in-house Office rate, based on a 40-hour week, averages \$120 per hour including salary, retirement, fringe, and 43% overhead for departmental and central service costs. A large percentage of City attorneys average much more than 40 hours per week, thus it is clearly more cost-

Strategic Support CSA

Core Service: Legal Representation Office of the City Attorney

Performance and Resource Overview (Cont'd.)

effective for the City to have in-house legal counsel handle litigated matters. In addition, if it were to assign out a litigation case, the Office would not be able to control costs, and future budgets would be impacted. Once a litigation case is assigned out, it ordinarily needs to stay with the outside firm until final resolution. The life of a case could extend over several years.

Legal Representation Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of time final case results are within staff analyses and/or recommendations	92%	80%	90%	90%
 Cost of representation compare favorably to law offices of similar size, practice, and expertise, including other governmental law offices				
• City Attorney's Office average hourly rate	\$107	\$110	\$120	\$124
• Outside Legal Counsel average hourly rate	\$375	\$375	\$375	\$375
 % of time client is timely informed of significant developments in a case	89%	80%	89%	80%
 % of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	100%	80%	100%	90%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of claims filed against the City	801	1,000	786	931
Number of lawsuits filed against the City	242	250	224	259
Number of lawsuits and administrative actions filed or initiated by the City	258	370	396	310

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

Legal Representation Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 5,105,938	\$ 6,242,727	\$ 6,817,344	\$ 6,651,576	6.5%
Non-Personal/Equipment	767,604	784,519	803,047	676,554	(13.8%)
Total	\$ 5,873,542	\$ 7,027,246	\$ 7,620,391	\$ 7,328,130	4.3%
Authorized Positions	45.40	46.40	46.50	44.80	(3.4%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes by Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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CITY AND SAN JOSE REDEVELOPMENT AGENCY INTERESTS ARE PROTECTED AND ADVANCED

- Attorney's Office Non-Personal/Equipment Efficiencies** (126,493) (126,493)

This action reduces the Office's non-personal/equipment budget on an ongoing basis by \$126,493. The majority of this funding is earmarked for outside experts and consultants utilized for complex and specialized litigation matters. Reducing the budget for these services may make it more difficult to advocate the City's position in certain complex cases. (Ongoing savings: \$126,493).

Performance Results:

Cycle Time, Customer Satisfaction Turnaround times on assignments may increase due to the expanded workload necessarily absorbed by an in-house staff that is already operating at capacity. Clients' satisfaction may decline if favorable case results decrease.

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Budget Changes by Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
CITY AND SAN JOSE REDEVELOPMENT AGENCY INTERESTS ARE PROTECTED AND ADVANCED (CONT'D.)			
2. Attorney's Office Legal Staffing	(1.00)	(104,357)	(104,357)
This action eliminates a 1.0 Associate Deputy City Attorney position, vacant since June 2005. The workload will continue to be absorbed by existing staff, and there should not be a decrease in the quality of existing work products. Turnaround times on lower priority items may be delayed; however, the Office will continue to meet legally mandated due dates. (Ongoing savings: \$104,357)			
Performance Results: Quality, Cycle Time Current reduced service levels, experienced as a result of this vacancy, will continue on a permanent basis.			
3. Attorney's Office Administrative Support Staffing	(0.70)	(61,411)	(61,411)
This action eliminates a 0.4 Legal Administrative Assistant II position, vacant since 2002, and a 0.3 Legal Analyst II position, vacant since January 2005. The remaining portions of these positions, 1.6 Legal Administrative Assistant II position and a 0.7 Legal Analyst II position, will be eliminated in the Legal Transactions Core Service. The workload will continue to be absorbed by existing staff, and there should not be a decrease in the quality of the existing work products. Turnaround times on lower priority items may be delayed; however, the Office will continue to meet legally mandated due dates. (Ongoing savings: \$61,411)			
Performance Results: Quality, Cycle Time Current reduced service levels, experienced as a result of these vacancies, will continue on a permanent basis.			
2007-2008 Adopted Core Service Changes Total	(1.70)	(292,261)	(292,261)

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Core Service Purpose

Provide oral and written advice on legal issues and prepare documents to implement official City and Redevelopment Agency actions.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Preparation of ordinances, resolutions, permits, contracts, and other legal documents | <input type="checkbox"/> Oral and written legal counsel and advice |
| | <input type="checkbox"/> Performance of legal research |

Performance and Resource Overview

The Office of the City Attorney provides legal transactional services to the Mayor, City Council, Council Appointees, City departments, and City boards, commissions, and committees. Also, in the City Attorney's role as General Counsel to the San José Redevelopment Agency (SJRA), the Office provides the same services to the Redevelopment Agency Board and staff.

The Transactional Division works together with City and SJRA staff to achieve organizational goals in a legal, cost-effective, and efficient manner. The City Attorney attends meetings of the City Council and Redevelopment Agency Board, and staff attorneys attend meetings of all major boards, commissions, and committees to provide legal counsel on issues before these bodies. The attorneys devote a considerable portion of the day providing legal advice via telephone, e-mail, or personal consultation. Providing legal advice often involves performing legal research to identify and analyze legal issues and risks. It is the goal of the Office to provide comprehensive legal advice to City and SJRA staff, so that they can make informed and effective business and policy decisions.

In addition, staff dedicates significant time to preparing and reviewing City Council and SJRA Board memoranda and reports. This requires ongoing coordination with City and SJRA staff to review the transaction and to identify and resolve legal issues. In 2005-2006, the Office prepared or reviewed over 3,400 City Council and SJRA Board memoranda, 4,700 agreements, 313 ordinances, and 438 resolutions.

The Transactional Division has experienced a major increase in workload in response to the work of the Sunshine Reform Task Force and the Elections Commission. The proposed reforms to campaign, election, lobbyist, and conflict of interest ordinances have also increased the Office's workload. An ethics team has been formed in the Office of the City Attorney to address these issues, and to facilitate ethics training sessions throughout the City.

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

The following ongoing and new projects will require extensive staff time during 2007-2008:

- Strong Neighborhoods Initiative Project Implementation
- Gaming Control Regulation
- Recycle Plus Transition
- Commercial Solid Waste Program Redesign including Municipal Code Amendments
- Energy Program – Development, Review, and Implementation
- Redevelopment of North San Pedro and Japantown Corporation Yard Areas
- Downtown Retail and High-Rise Project Implementation
- Hotel Financing District – Convention Center Expansion
- FMC Properties – Development of Proposals for Airport and City Parcels
- Story-King Implementation
- Issuance of Bonds – Housing, SJRA, and various City capital projects
- Airport Construction Projects including North Concourse Building and Design Build Agreements for Terminal Area Improvements
- Airport Food and Beverage, Advertising, and Retail – Request for Proposals
- Capital Improvement Program – Library, Parks, and Public Safety Improvements
- Cable Franchise Renewal and Potential New Video Programming with AT&T
- Development of City-wide Guidelines for Request for Proposals process
- Public Development Projects – Coyote Valley Specific Plan
- Santa Clara Transit Center Area Plan – Collaboration with VTA and City of Santa Clara
- San José State University South Campus Area Plan
- Parks, Recreation and Neighborhood Services Facility Re-use Program
- School District Negotiations for Expansion of Sports Facilities
- Public Art Master Plan Implementation
- Development of Exhibition Guidelines for City Hall
- City Grants Management Reform
- Watson Park Clean-Up
- Labor Negotiations for Collective Bargaining Agreements Expiring in 2008
- City-wide Training – Legal Updates

The Office is often called on a moment's notice to provide urgent intensive legal services for high priority rush projects. This requires an immediate adjustment of resources and workloads, which in turn affects the legal services provided on lower priority matters. In an effort to proactively reduce the frequency of these emergencies, the attorneys often attend CSA meetings to identify legal issues earlier and to better assist the CSA teams during the process of business plan development. The Office also conducts annual reviews of the City Service Areas' (CSA) five-year business plans to forecast the legal needs of the City. Long range planning is essential to strategically allocate resources and to provide advance staff training to meet the anticipated legal services demand.

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

As previously mentioned, the City Attorney's Office conducts surveys every other year to assess customer satisfaction levels and to identify opportunities to better align services with customer expectations. Surveys have been helpful to understand the customers' perspective and to provide a framework for strengthening work relationships. The 2006 survey showed that 96% of the respondents were satisfied with the overall legal transactional services received from this Office. This high rating is encouraging and confirms that the legal services provided by the Office are largely meeting City and Agency staff expectations.

One of the performance measures seeks client input on the quality of legal advice. The purpose of this measure is to determine how well the attorneys identify the legal issues and risks, and if alternative solutions are provided where appropriate. The quality of the legal analysis is often dependent on City and SJRA staff providing the Office with complete information regarding the business terms or policy under consideration. In the 2006 survey, 93% of respondents were satisfied that the legal advice properly analyzed the legal issues and risks, while 79% of respondents were satisfied with the creative alternatives suggested for difficult problems. This is an improvement from the previous survey results of 86% and 67%, respectively. As a matter of practice, the attorneys make a strong effort to support staff in accomplishing the business objectives of the City and the SJRA within applicable legal limitations.

The Office strives to ensure that legal documents accurately and completely reflect the material business terms approved by the City Council or SJRA Board. The ability of the Office to accomplish this task is directly related to the quality of the information communicated by the City and the SJRA staff. The Office is doing a very good job in this area as the 2006 client survey indicates that 100% of the respondents were satisfied that the documents prepared by the Office accurately reflected the approved City or SJRA action. The Office is pleased to achieve its goal in this category and will continue its efforts to maintain this level of excellence.

The Office is committed to preparing legal documents and providing legal advice in a manner that will not cause unnecessary delays to clients. The 2006 survey reflects that 93% of the respondents were satisfied that assignments were completed within mutually acceptable timeframes. This is a slight increase from the 90% satisfaction level from the prior survey. However, the Office prefers to use an internal matter management system to track acceptable timeframes, based on completion data entered by staff, and the system indicates that 87% of the assignments received in 2005-2006 were completed within a mutually acceptable timeframe, as reflected in the performance summary below. Managing the transactional workload in a timely manner is occasionally a challenge as the volume of assignments sometimes exceeds the available resources. As the economy appears to show signs of recovery, the Office is optimistic that key attorney and legal analyst vacancies will be filled in the upcoming year. Hiring additional staff will enable the Office to be more proactive in meeting legal service demands, and should enhance performance in this category.







Costs to hire outside private counsel for transactional services vary from \$150 - \$618 per hour, for an average hourly rate of \$384. The hourly rates for outside private counsel are based on rates

Strategic Support CSA

Core Service: Legal Transactions Office of the City Attorney

Performance and Resource Overview (Cont'd.)

negotiated by the City for legal service contracts. Rates vary depending on the type of law practice and level of experience and may include a government discount. The in-house Office rate, based on a 40-hour week, averages \$120 per hour including salary, retirement, fringe, and overhead for departmental and central service costs. A large percentage of City attorneys average much more than 40 hours per week, thus it is clearly more cost-effective for the City to have in-house legal counsel.

Legal Transactions Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of time final documents accurately reflect the approval of City and Redevelopment Agency action	100%	100%	100%	100%
 % of time that advice identifies and analyzes legal issues and risks	93%	80%	93%	85%
 % of time that advice provides alternatives where appropriate	79%	70%	79%	70%
 Cost of advice and documentation compare favorably to law offices of similar size, practice and expertise including other governmental offices				
• City Attorney's Office average hourly rate	\$107	\$110	\$120	\$124
• Outside Legal Counsel average hourly rate	\$335	\$335	\$384	\$384
 % of time client receives advice/ document within mutually accepted time frames	87%	80%	86%	85%
 % of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	96%	85%	96%	85%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of Council/Board Manager memoranda:				
Prepared	2,153	2,000	2,084	2,070
Reviewed	1,321	1,600	1,108	1,520
Number of formal Opinions issued	34	30	18	34
Number of Resolutions	438	500	350	525
Number of Ordinances	313	300	312	311
Number of Agreements	4,769	4,500	4,888	4,798

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

Legal Transactions Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 4,769,228	\$ 5,969,928	\$ 6,434,214	\$ 6,236,513	4.5%
Non-Personal/Equipment	274,988	253,242	268,942	382,064	50.9%
Total	\$ 5,044,216	\$ 6,223,170	\$ 6,703,156	\$ 6,618,577	6.4%
Authorized Positions	40.52	40.52	41.42	39.12	(3.5%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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CITY AND SAN JOSE REDEVELOPMENT AGENCY BUSINESS IS CONDUCTED LAWFULLY

1. Attorney's Office Administrative Support Staffing (2.30) (197,701) (197,701)

This action eliminates 1.6 Legal Administrative Assistant II position, vacant since 2002, and a 0.7 Legal Analyst II position, vacant since January 2005. The remaining portions of these positions, a 0.4 Legal Administrative Assistant II position and a 0.3 Legal Analyst II position, will be eliminated in the Legal Representation Core Service. The workload will continue to be absorbed by existing staff, and there should not be a decrease in the quality of existing work products. Turnaround times on lower priority items may be delayed; however, the Office will continue to meet legally mandated due dates. (Ongoing savings: \$197,701)

Performance Results:

Quality, Cycle Time Current reduced service levels, experienced as a result of these vacancies, will continue on a permanent basis.

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
CITY AND SAN JOSE REDEVELOPMENT AGENCY BUSINESS IS CONDUCTED LAWFULLY (CONT'D.)			
2. Attorney's Office Non-Personal/Equipment Efficiencies		(36,878)	(36,878)
<p>This action reduces the Office's non-personal/equipment budget on a one-time basis by \$36,878. The majority of this funding is earmarked for outside experts and consultants utilized for complex and specialized litigation matters. Reducing the budget for these services may make it more difficult and less timely to advocate the City's position in certain complex cases. (Ongoing savings: \$0)</p> <p>Performance Results: Cycle Time, Customer Satisfaction Turnaround times on assignments may increase due to the expanded workload necessarily absorbed by an in-house staff that is already operating at capacity. Clients' satisfaction may decline if cycle times do not consistently meet expectations.</p>			
3. Attorney's Office Sunshine Reform Task Force Legal Support		50,000	50,000
<p>This action increases the Office's non-personal/equipment budget on a one-time basis by \$50,000 to provide additional funding for contractual legal support to the Sunshine Reform Task Force. (Ongoing costs: \$0)</p> <p>Performance Results: Cycle Time, Customer Satisfaction Turnaround times on Sunshine Reform assignments should remain the same, along with clients' satisfaction.</p>			
4. Rebudget: Standard Specifications Project Contract		100,000	100,000
<p>This action rebudgets unexpended funds for the Standard Specifications Project contract, which could not be completed in 2006-2007. This Project will revise the Standard Specifications and other construction documents' specifications to increase standardization in the public works contracting process, and enable the City to more efficiently prepare bid packages for its capital improvement projects. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>			
2007-2008 Adopted Core Service Changes Total	(2.30)	(84,579)	(84,579)

Strategic Support CSA

Strategic Support *Office of the City Attorney*

Strategic Support represents the services provided within the Office that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support, those are not presented separately in this document. Performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Office Management and Analysis | <input type="checkbox"/> Computer Network Management |
| <input type="checkbox"/> Fiscal Control/Budget Preparation | <input type="checkbox"/> Facility Management |
| <input type="checkbox"/> Personnel Administration/Human Resources | <input type="checkbox"/> Law Library Maintenance |
| <input type="checkbox"/> Records and File Maintenance | <input type="checkbox"/> Overall Contract Administration |

Performance and Resource Overview

The San José City Attorney's Office, as legal counsel for the tenth largest city in the United States, produces a high volume of transactional and litigation work. Meeting this demand in a timely manner is accomplished through a team effort from the entire Office. Strategic support staff, the foundation that enables the efficient delivery of services, performs virtually every function necessary for the operation of a law office. Reliance on outside vendors is minimal and generally limited to situations when it is more cost-effective to outsource.

In 2006-2007, the Office successfully achieved many of the tasks outlined in the information technology master plan. Electronic file storage capacity was increased and a newly installed tape drive device enables the Office to back-up its data on a dedicated system, which strengthens the ability to protect work product confidentiality. Outdated desktop computers were replaced for one-half of the staff with a plan to replace the remainder of the computers when funding is identified.

The Office continues to be proactive in seeking technology advancements to enhance operational efficiencies. Staff is currently evaluating specialized software to assist the Office in responding to electronic discovery and complex Public Records Act requests. Many of the courts are moving forward with requiring electronic filing of documents. This trend, along with the increased use of maintaining electronic files for both litigation and transactional matters, will require the Office to expand its high speed scanning capabilities.

Administrative processes and procedures will require modification to respond to open government reforms, including changes to the City Council agenda process. The website for the City Attorney's Office was recently updated, while the intranet site is also undergoing revision.

Strategic Support CSA

Strategic Support Office of the City Attorney

Performance and Resource Overview (Cont'd.)

The General Services Department has designated a central facility for a city-wide records storage center, and has worked with the Information Technology Department to develop a software program to manage the inventory. The Office is in the process of updating its records using this new software and will move the records, currently housed in the basement of the health building at the civic center complex, to the central facility after the inventory update has been completed.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,362,481	\$ 1,426,841	\$ 1,508,031	\$ 1,508,031	5.7%
Non-Personal/Equipment	31,861	57,766	42,066	42,066	(27.2%)
Total	\$ 1,394,342	\$ 1,484,607	\$ 1,550,097	\$ 1,550,097	4.4%
Authorized Positions	10.70	10.70	10.70	10.70	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Office of the City Auditor



Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent
Police Auditor

Mission: *To independently assess and report on City operations and services.*

The Office of the City Auditor works closely with other customers and stakeholders including:

- City Council
- City Departments
- Council Appointees
- City Employees
- Vendors, contractors, and consultants
- Residents
- Businesses

The City Auditor's Office has two primary outcomes:

Audit services identify ways to increase the economy, efficiency, effectiveness, and accountability of City government. In addition, audit services provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

Audit services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective and timely information to the City Council, City Administration, and the general public.

The function of the Office of the City Auditor rests on three important principles:

- Be independent, not only from the Administration, but also from any undue City Council member influence that could impair the professional integrity of any audit or other services the Office provides
- Maintain an objective attitude about all assignments
- Be factually and technically correct

These three qualities of independence, objectivity, and technical accuracy are the cornerstones of the one indispensable attribute of the City Auditor's Office – credibility. Without credibility the City Auditor's Office cannot and should not exist.

CSA OUTCOMES

- Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government
- Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

Strategic Support CSA
Office of the City Auditor
FIVE-YEAR BUSINESS PLAN

Current Position ***How are we doing now?***

- Since the City Auditor's appointment in May 1985, the Office has identified \$216 million in revenue enhancements or cost savings compared to \$29 million in Office costs.
- From May 1985 through June 2006, the Office exceeded its performance target of \$3 to \$1 ratio of cost savings or revenue enhancements to Office cost with an actual achieved ratio of nearly \$8 to \$1. In 2000, given its historical success, the City Council increased the Office's performance target to \$4 to \$1. In 2006-2007, the City Auditor's Office identified \$19.1 million in cost savings and revenue enhancements, achieving a ratio of about \$9 to \$1.
- Sales Tax Audits identified \$2,935,500 in revenues for the quarters ending March 31, 2006, June 30, 2006, September 30, 2006, and December 31, 2006. This service was transferred to the Finance Department in December 2006.
- During the last year, the City Auditor's Office worked closely with the other City Council appointees and various departments on a number of issues. For instance, the City Auditor met with the City Manager's Office (CMO) regarding Team San José and retirement system issues and with both the CMO and the Mayor's Office to discuss alternative service delivery methods and the City's master vendor file. The City Auditor also met with the CMO and the City Attorney's Office (CAO) to follow-up on City Council direction regarding the Fil-Am SODC, Inc. and JTS Northside Community Center audit. Further, the City Auditor met with the CAO and the Office of Employee Relations regarding the City's Fraud Hotline; co-issued memoranda with (1) Parks, Recreation and Neighborhood Services Department to update the City Council on Northside Community Center operations and (2) Human Resources and the Finance Department regarding the City's annual workers' compensation claims liability calculation; and met with General Services Department staff regarding past recommendations concerning vehicle maintenance. Finally, the City Auditor met with the San José Redevelopment Agency regarding potential future audits.
- In 2005-2006, the City Auditor's Office, the Office of Employee Relations, and the City Attorney's Office worked together to implement a one-year "Fraud and Audit Hotline" pilot project. The hotline was established to provide City employees and residents ample opportunity to express concerns regarding violations of City policy, fraud, customer service issues, and other legal or compliance issues. In August 2006, the City Council approved the hotline to remain a permanent service.

Selected Community Indicators ***What external conditions influence our strategies?***

- Audit expenditures compared to the City of San José total expenditures: \$1 to \$390.
- Audit staff compared to City staff: 1 to 381.
- Biennial review for compliance with Government Auditing Standards: In October 2005, the City Auditor's Office received an unqualified opinion regarding its compliance with Government Auditing Standards for the period July 1, 2003 through June 30, 2005. The Association of Local Government Auditors conducted the performance review of the City Auditor's Office. The next biennial review will be performed in fall 2007.

Trends/Issues/Opportunities ***What developments require our response?***

- In light of the budget difficulties facing the City, the City Auditor's Office will increase its emphasis in searching for revenues and cost savings opportunities.
- The City's major investments in infrastructure also warrant increased scrutiny of capital projects.
- The City's reliance on computer systems for its key business systems necessitates the Office's continued improvement in its capacity in this area.

Policy Framework *What policies guide our strategies?*

- The City Council appoints the City Auditor.
- The Rules and Open Government Committee approves the City Auditor's Annual Workplan.
- The duties of the City Auditor are outlined in City Charter Section 805.
- The City Auditor's Office conducts audits in accordance with Generally Accepted Government Auditing Standards (GAGAS).
- The City Auditor prepares an Annual Citywide Risk Assessment to determine potential audit areas and recommends that the Rules and Open Government Committee include those areas in its Annual Workplan.
- The City Auditor's Office receives a biennial performance review for compliance with GAGAS.

Key Strategic Goals & Objectives *Where are we going?*

Outcome 1: Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government

- Identify ways to reduce costs or enhance revenues.
- Identify ways to increase the economy, efficiency, and effectiveness of City government.

Outcome 2: Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

- Provide independent, reliable, accurate, and timely information to the City Council.

Overview

The Office of the City Auditor provides audit services that identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

The City Auditor's Office investment strategy is focused on providing reliable and effective audit services through efficient use of existing resources. The Office will operate with 18 filled positions, composed of one City Auditor, three supervising auditors, 12 auditors, and two administrative staff. One additional auditor has been added in this budget in accordance with the Mayor's March Budget Message.

Key Investments & Objectives How will we accomplish our goals?

The City Auditor's Office Year 1 and Year 2 Key Investments & Objectives are pertinent to the following two outcomes:

Outcome 1: Identify Ways to Increase the Economy, Efficiency, Effectiveness, and Accountability of City Government

Outcome 2: Provide Independent, Reliable, Accurate, and Timely Information to the City Council and Other Stakeholders

The City Auditor's resources will be strategically invested in the following action plan which aligns with City Council priorities, the City Auditor's approved Audit Workplan, and Business Plan strategic goals, objectives, and performance measures.

Year 1: 2007-2008 – Planned Service Strategies

- Conduct performance audits, special audits, and reviews as assigned. In August 2006, the Office released a 2006-2007 Audit Workplan that targeted areas of the City Council and other appointees' concerns, as well as areas identified for audit in the Citywide Risk Assessment model. The emphasis will be in seeking ways to reduce costs or increase revenues. The Office will also work to improve timeliness by issuing all audit assignments within 30 days of projected completion dates.
- Facilitate annual financial audit and quarterly cardroom opinions. The City contracts with outside Certified Public Accountant firms to conduct the annual financial audits and quarterly cardroom audits. The City Auditor prepares, monitors, and initiates payments for these audits and assists with cardroom audit reviews.
- Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30th and December 31st each year. In 2000-2001, the City Auditor began tracking the percentage of audit recommendations implemented within one year. During 2007-2008, the Auditor will work to improve this percentage by contacting departments 60 days after each audit report is issued to discuss implementation of recommendations contained in that report.
- Improve the website. The Office's website includes many of the audit procedures and technical innovations the Office has pioneered. The Office's website receives more than 6,500 visits per month from persons or organizations from nearly every state in the United States and more than 20 foreign countries. The Office will continue to ensure that information on the site is current and relevant. The Office plans to expand the information on its website to include audit programs and complete text of audit reports.

Strategic Support CSA
Office of the City Auditor
TWO-YEAR INVESTMENT STRATEGY

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Year 1: 2007-2008 – *Planned Service Strategies (Cont'd.)*

- Provide training to City employees on how to incorporate the Office's audit approach into their management philosophy. For the past 14 years, the City Auditor has taught a half-day course on risk assessment and internal controls for City employees. Each session draws 30 to 40 City employees and, based on attendees' written evaluations, is very well received. The City Auditor will present the course again in 2007-2008.

Year 2: 2008-2009 – *Projected Service Strategies*

- The City Auditor's Office will continue to conduct performance audits, special audits, and reviews as assigned, facilitate the annual financial audit and quarterly cardroom opinions, continue to improve its website, and continue to explore ways to increase cooperation with and provide assistance to other City Council Appointee offices.

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Core Service Purpose

Audit Services identify ways to increase the economy, efficiency, effectiveness and accountability of City government and provide independent, reliable, accurate and timely information to the City Council and other stakeholders.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Conduct performance audits | <input type="checkbox"/> Facilitate annual financial audit |
| <input type="checkbox"/> Conduct special audits and reviews | <input type="checkbox"/> and quarterly card room audits |
| | <input type="checkbox"/> Recommendation follow-up |

Performance and Resource Overview

Audit Services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective, timely information to the City Council, City Administration, and the general public.

The Office tracks the implementation status of approved audit recommendations. Since May 1985 through June 2006, the Administration implemented approximately 94% of over 1,400 recommendations made by the City Auditor.

The Audit Workplan for 2006-2007 included 29 assignments. During 2006-2007, the City Auditor re-assigned audit staff to prioritize the completion of several City Council-requested assignments. As a result, the Office's Audit Services Performance Summary target to complete or substantially complete the Audit Workplan was affected. Audit reports issued during 2006-2007 included 51 recommendations and identified approximately \$19.1 million in estimated benefits. The City departments are responsible for implementing the City Auditor's recommendations. During 2007-2008, the Office will focus on providing reliable and effective audit services through the efficient use of existing resources.










For 2007-2008, consistent with the direction from the Mayor's March Budget Message, as approved by City Council, a 4.7% budget reduction, the average percentage reduction by non-Public Safety City Service Areas, has been approved for the Office of the City Auditor. This budget includes reducing work hours of the student intern program as a result of the sales tax audit function, a large part of the student interns' workload, being transferred to the Finance Department in December 2006. Also approved is the reallocation of a 1.0 Senior Program Performance Auditor position to a 1.0 Program Performance Auditor I position. The San José Redevelopment Agency (SJRA) has reached an agreement with the Auditor's Office that the SJRA would fully reimburse the Auditor's

Strategic Support CSA

Core Service: Audit Services *Office of the City Auditor*

Performance and Resource Overview (Cont'd.)

Office for general audit services performed on behalf of the SJRA. Finally, in accordance with the Mayor's March Budget Message, the City Auditor's Office has added one Senior Program Performance Auditor to increase cost savings and efficiencies throughout the City.

Audit Services Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of audit recommendations adopted by the City Council	100%	100%	100%	100%
 % of audit recommendations implemented within one year of adoption	57%	80%	80%	80%
 Ratio estimated audit benefit to audit cost	\$11 to 1	\$4 to 1	\$9 to 1	\$4 to 1
 Ratio actual to estimated audit benefit	\$1 to 1	\$1 to 1	\$1 to 1	\$1 to 1
 % of approved workplan completed or substantially completed during the fiscal year	100%	100%	80%	100%
 % of audits completed within 30 days of the projected completion date	100%	90%	92%	90%
 % of City Council members rating the reliability, timeliness and value of audit services good or excellent	97%	95%	95%	95%
 % of auditees rating the reliability, timeliness, and value of audit services good or excellent	100%	95%	95%	95%
 % of sales tax customers rating professionalism of audit services good to excellent*	100%	95%	N/A	N/A

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* As of December 2006, Audit Services no longer include sales tax audits.

Strategic Support CSA

Core Service: Audit Services Office of the City Auditor

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of audit reports issued	22	22	24	20
Number of audit recommendations adopted	11	70	51	50
Number of audit reports per auditor	1.8 to 1	1.5 to 1	1.7 to 1	1.5 to 1
Estimated audit benefits (i.e., cost savings and revenue enhancements)	\$24,523,448	\$9,500,000	\$19,184,872	\$9,500,000
Actual audit benefits (i.e. cost savings and revenues received)	\$24,688,977	\$9,500,000	\$19,132,211	\$9,500,000
Number of businesses or other entities brought into compliance or assisted*	68	90	N/A	N/A

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

* As of December 2006, Audit Services no longer include sales tax audits.

Audit Services Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 2,073,586	\$ 2,087,130	\$ 2,432,245	\$ 2,630,320	26.0%
Non-Personal/Equipment	43,229	132,531	102,963	102,963	(22.3%)
Total	\$ 2,116,815	\$ 2,219,661	\$ 2,535,208	\$ 2,733,283	23.1%
Authorized Positions	16.00	16.00	16.00	17.00	6.3%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT

1. Student Intern Work Hours (97,268) (97,268)

This action reduces work hours for the Office's Student Intern Program. Student Interns in the City Auditor's Office have primarily worked on sales tax audits, but they have also assisted staff auditors on other assignments. In December 2006, the sales tax audit function moved to the Finance Department; therefore, fewer student intern hours are required in the City Auditor's Office for purposes of performing sales tax audit work. With this reduction, \$4,401 will remain for intern work hours in 2007-2008. (Ongoing savings: \$88,586)

Performance Results:

Cost As the sales tax audit function has moved to the Finance Department, this action will achieve cost savings with minimal effect on service delivery.

2. Performance Audit Staffing Reallocation (26,763) (26,763)

This action reallocates a 1.0 Senior Program Performance Auditor position, vacant since December 2006, to a 1.0 Program Performance Auditor I position, for a savings of \$26,763. This action attains savings for the Office of the City Auditor, and allows the Office to continue to accomplish its objectives and achieve performance targets. (Ongoing savings: \$26,763)

Performance Results:

Cost This action achieves cost savings with minimal effect on service delivery.

3. Redevelopment Agency Audit Services 200,000 200,000

The City Auditor's Office will perform general audit services for the San José Redevelopment Agency (SJRA). This one-time action is based on an agreement that requires all work performed for the SJRA to be fully reimbursed by the SJRA to the City Auditor's Office. (Ongoing costs: \$0)

Performance Results:

Quality This action allows the City Auditor's Office to provide dedicated SJRA services without impacting the General Fund.

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
IDENTIFY WAYS TO INCREASE THE ECONOMY, EFFICIENCY, EFFECTIVENESS, AND ACCOUNTABILITY OF CITY GOVERNMENT (CONT'D.)			
4. Performance Audit Staffing Expansion	1.00	122,106	122,106
The addition of a Senior Program Performance Auditor position is in accordance with the Mayor's March Budget Message. The new position will provide the Office with increased capacity to complete performance audits and initiate an ongoing contract auditing program. (Ongoing costs: \$132,737)			
Performance Results:			
Cycle Time, Customer Satisfaction The addition of one Senior Program Performance Auditor will allow the Office of the City Auditor to continue to accommodate current audit requests, as well as provide additional City Administration and City Council requested audit services, including increased performance audits.			
2007-2008 Adopted Core Service Changes Total	1.00	198,075	198,075

Strategic Support CSA

Strategic Support Office of the City Auditor

Strategic Support represents services provided within the Office that support and guide the provision of the core service.

Key Operational Services:

☐ Administrative Support

☐ Network Support

Performance and Resource Overview

Strategic support in the Office of the City Auditor includes the underlying systems that allow the Office to function and provide its core service. For 2007-2008, there are no resource changes.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 0	\$ 231,149	\$ 98,106	\$ 98,106	(57.6%)
Non-Personal/Equipment	62	3,497	3,497	3,497	0.0%
Total	\$ 62	\$ 234,646	\$ 101,603	\$ 101,603	(56.7%)
Authorized Positions	1.00	1.00	1.00	1.00	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Office of the City Clerk



Mission: *Provide strategic support services and leadership to maximize public access to municipal government.*

The City Clerk is one of five City Council Appointees. The Office of the City Clerk provides strategic support services to the legislative body, facilitating interaction between the legislative process and the community. The Office also conducts elections for Mayor, City Council, and various ballot measures. The duties of the Clerk are outlined in the City Charter, the California Government and Elections Codes, the San José Municipal Code, and the Council Policy Manual. All City departments contribute to the City Clerk's delivery of services to the community. The City Clerk's role in legislative and elective processes requires neutrality and independence as key qualities in conducting the business of the Office. In the political arena of the City government, the Office of the City Clerk is a non-political and objective entity.

Internal Partners — Mayor and City Council; City departments; designated City employees; Commission members

External Partners — Public; media representatives; other governmental agencies; Mayor and Council candidates; Commission applicants; registered lobbyists; community groups; bidders and contractors

Key Services —

- Integrity of the City's legislative process is preserved and the process is readily accessible to the public.
- The City Council is effectively supported in making public policy decisions by the delivery of high quality legislative services.
- Elections are conducted in accordance with the City Charter and State law for Mayor, Council Members, and ballot measures.
- Recruitment and appointment processes for boards and commissions are administered.
- Campaign finance reports, Statements of Economic Interests, outside income, fundraising solicitation disclosure, and registered lobbyist activity reports are reviewed and made available to the public.

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager
Office of the Independent
Police Auditor

CSA OUTCOME

- The Municipal Legislative Process is Accessible and Open to the Community.

Strategic Support CSA
Office of the City Clerk
FIVE-YEAR BUSINESS PLAN

Current Position *How are we doing now?*

The Office of the City Clerk continues to ensure that mandated services are provided despite previous staffing reductions. Enhancing customer service by providing “more transparent” legislative services and easier access to information has been difficult as many labor and paper-intensive processes remain in the Office. Pursuing cost-effective methods for greater use of technology to streamline Office operations is a continuing collaborative process with the Information Technology Department to research, evaluate, and implement available improvements.

While coping with the City’s challenging fiscal environment, the Office of the City Clerk has ensured:

- Elections for Mayor, Council Members, Charter amendments, bonds, and ballot measures are conducted in accordance with the City Charter and the State Elections Code.
- Coordination and support is provided for the transition of departing Council Members and their staff to the newly elected Mayor, Council Members, and staff.
- Council agenda packets, synopses, and action minutes of City Council meetings are prepared, distributed, and posted on the web. Council and Committee meetings are web-cast live, then indexed and archived for on-demand replay.
- Requests for the City’s legislative records and related public documents are received and fulfilled under provisions of the California Public Records Act.
- Recruitment and appointment processes for boards and commissions are administered both through Project Diversity and through direct City Council interview and appointment processes as required.
- The Office supports the Council’s Rules and Open Government Committee, Elections Commission, Civil Service Commission, Project Diversity Screening Committee, and the City Council Salary Setting Commission.
- The Municipal Code, City Charter, Council Policy Manual, and all documents presented to the City Council are indexed for storage and retrieval and made available to the public.
- Campaign finance disclosure statements, statements of economic interests, and Council Member outside income and fundraising solicitation disclosures are readily accessible for public review.
- Lobbyists are registered and lobbying activity statements are audited, filed, and made accessible for public review.
- All City contracts are reviewed for administrative compliance, executed, and are available in the Office for review.
- Bids are publicly opened for construction projects city-wide and notices to contractors for upcoming projects are published in an appropriate newspaper as required by law.
- Legal publication of Notices of Public Hearing for the Planning Commission and the City Council is coordinated.
- The Office of the City Clerk is responsible for fiscal management and oversight of the Mayor and City Council Offices’ budgets. Human resource and payroll processing services are also provided for approximately 85 employees.
- Administrative support is provided to City Council Offices for the Arena Community Fund and other grants which support local cultural, civic, and recreational entities and events.
- Technical support is provided to the Sunshine Reform Task Force which advises the City Council on opportunities to increase public access to information, enhance neighborhood participation, and ensure accountability.
- Assistance is provided in the development and implementation of the City’s Master Calendar and Room Reservation system to enhance the availability of public information regarding governmental events and meetings.

Current Position *How are we doing now? (Cont'd.)*

Since 2004-2005, the Office of the City Clerk has used funding for technological improvements to implement online filing of campaign statements and to invest in “Granicus”, the system that provides the ability to index and video archive City Council and Committee meetings for on-demand playback. Any unspent funds were rebudgeted to improve online filing of lobbyist activity reports and, in collaboration with the Information Technology Department and other departments, to assist with the selection and hiring of a consultant to assess opportunities to develop or acquire an electronic content management system (ECMS) for the City. In addition, some of the funding has been earmarked to begin the process of reviewing and codifying the Council Policy Manual, which will include online access to an updated version, and to update the Municipal Code with enhanced online search capability. A number of other projects that would streamline the Council Agenda process, enhance tracking and searching of legislative history, improve contract document processing, and make the public records management program more efficient have been identified as areas where future investments would be a priority if funding were available.

Selected Community Indicators *What external conditions influence our strategies?*

Examples of key community indicators that the Office tracks to identify trends and assess performance are:

- An Open Legislative Process: The number of requests for information, timely packet/report distribution, ability to post memos/reports on the web in a timely manner, availability of archived Council meetings on the web.
- Boards and Commissions: The number of applicants to boards and commissions and the number of commission vacancies.
- Lobbying Activities and Campaign Disclosure: The number of lobbyists registered and submitting statements of activities and the number of candidate, officeholder, and PAC campaign financial disclosure statements filed.
- Conducting Municipal Elections: The number of elections to fill elected positions of Mayor and City Council and the number of ballot measures.

Trends / Issues / Opportunities *What developments require our response?*

As the Office of the City Clerk plans for the next five years, the overarching issue remains enhancing the use of technology to improve and expedite service. Specific examples of trends, issues, and opportunities include:

- The development and adoption of new Open Government policies and procedures through initiatives such as the “Reed Reforms” and the Sunshine Reform Task Force, including new disclosure requirements (calendars, outside income, and fundraising) for the Mayor and City Council Members.
- The Office’s need for an improved, less labor intensive process for creating and disseminating the City Council meeting agendas and memos, as well as the need for improved technology to enhance the public’s access to the City’s legislative process and records.
- The community’s rising expectation of online access to candidate and committee campaign disclosure statements and activity reports by lobbyists.
- The need to streamline the appointment process for boards and commissions and provide enhanced orientation and training of Commissioners.

The most important internal trends, issues, and opportunities are ensuring that the Office remains flexible and agile, in light of pending changes, so that it can respond to customer demand quickly and effectively. Responding to Public Records Act requests, as well as internal requests for information, has become more difficult as the legacy indexing and tracking systems become older and the Office faces increased requests for service. The Office has initiated a pilot

Strategic Support CSA
Office of the City Clerk
FIVE-YEAR BUSINESS PLAN

Trends / Issues / Opportunities *What developments require our response? (Cont'd.)*

project, in partnership with the Information Technology Department, to make the City's legislative history and documents available on the web. Broader implementation in the next year, through enhanced technology, should improve internal customer service, as customers will be able to do more of their own research.

The Office of the City Clerk's services are for the most part mandated, and tasks cannot be eliminated. Ongoing efforts are required to automate, streamline, and re-engineer processes to increase employee productivity and improve customer access and service delivery.

Policy Framework *What policies guide our strategies?*

The Office of the City Clerk operates within the framework of State and local law and City Council policy:

- California Government Code including the California Elections Code
- City Charter
- San José Municipal Code
- City Council Policy Manual

Key Strategic Goals & Objectives *Where are we going?*

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community

The Office of the City Clerk has three strategic goals and objectives:

- Deploy technology resources effectively
- Increase efficiency of service delivery
- Maintain high customer service

Strategic Support CSA
Office of the City Clerk
TWO-YEAR INVESTMENT STRATEGY

Overview

The Office of the City Clerk continues to maximize public access to the legislative process and preserve mandated services, providing services directly related to the Office's single outcome, which is: The municipal legislative process is accessible and open to the community.

Key Investments & Objectives How will we accomplish our goals?

The approved investment strategy and budget changes for 2007-2008 presented in the core service section of the narrative will result in the Office's ability to maintain legally mandated functions and provide access to the legislative process.

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community

Year 1: 2007-2008 – Planned Service Strategies

The Office of the City Clerk will provide services directly related to its outcome:

- Creating and distributing agendas, synopses, and minutes for all City Council meetings;
- Successfully conducting municipal elections for Mayor, Council Members, and ballot measures;
- Publishing all legally required Notices in adjudicated newspapers;
- Creating and maintaining a legislative history of City Council actions and indexing and filing all public records, such that the records can be retrieved in a timely manner and the history is readily available. The pilot project to put legislative history from 1988 forward on the web will improve customer service for all customers;
- Posting all changes to the San José Municipal Code and the Council Policy Manual on the web;
- Accepting, reviewing, and making available all Statements of Economic Interests campaign finance disclosure forms, lobbyist registration and reporting forms, and all disclosures required of the Mayor and City Council Members (calendars, fundraising solicitations, and outside income disclosure);
- Conducting the recruitment, application, selection, and orientation processes for boards and commissions;
- Conducting employee and retiree elections for both Retirement Boards and the Civil Service Commission, which include members representing City employees;
- Providing administrative support services to the Elections Commission, Civil Service Commission, Rules and Open Government Committee, Project Diversity Screening Committee, and Council Salary Setting Commission; and
- Providing strategic support budgeting, accounting, grant administration, purchasing, and personnel services for the Mayor and Council Offices.

Strategic Support CSA
Office of the City Clerk
TWO-YEAR INVESTMENT STRATEGY

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: The Municipal Legislative Process is Accessible and Open to the Community (Cont'd.)

Year 2: 2008-2009 – *Projected Service Strategies*

The Office of the City Clerk will continue to provide services directly related to the Office's outcome; however, budget reductions in 2008-2009, or workload increases, may impact service delivery in the following areas:

- Conducting the recruitment, application, selection, and orientation process for boards and commissions;
- Conducting employee and retiree elections for the Retirement Boards and the Civil Service Commission;
- Providing administrative support services to the Elections Commission, Civil Service Commission, Project Diversity Screening Committee and when required, Council Salary Setting Commission, Redistricting Advisory Panel, and the Charter Review Committee; and
- Researching Council actions and records from the adoption of the City Charter to the present.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Core Service Purpose

Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws.

Key Operational Services:

- ☐ Provide Legislative, Technical, and Administrative Support to the Mayor, City Council, Boards, Commissions, and Committees
- ☐ Improve and Preserve Public Access to the City's Legislative Records and Documents
- ☐ Ensure Compliance with Open Government, Campaign Finance, Lobbyist Registration, and Other Public Disclosure Requirements
- ☐ Conduct Elections

Performance and Resource Overview

The Office of the City Clerk assists the City Council in accomplishing the legislative process and making that process readily accessible to the public. Personnel, fiscal, and budgetary support services are provided to the Mayor's Office and the individual Council Offices. City-wide Board and Commission recruitment and appointment processes are administered. The Office of the City Clerk provides administrative and technical support to the: Council's Rules and Open Government Committee, Civil Service Commission, Project Diversity Screening Committee, San José Elections Commission, City Council Salary Setting Commission (in odd-numbered years), and the Sunshine Reform Task Force. Elections are conducted in accordance with the City Charter, the Municipal Code, and the Election Code of the State of California for the purpose of electing City Council Members, the Mayor, and to submit measures to the electorate.

Ongoing issues include making the legislative process more accessible to the community while meeting weekly deadlines, filing and retrieving records of City Council action and supporting material dating from the 1850s to the present, and researching methodologies for taking advantage of available technologies. The Office continues to work closely with the City Manager's Office and the Information Technology Department to streamline the City Council and Committee agenda/packet process, and to place more information on the City Clerk's web page, including codification of the Municipal Code and City Council Policy Manual. While the immediate result of this action is an increase in access to the documents that make up current agenda packets, in the future this will build and improve access to the City Council's Legislative History. The administration of highly complex election laws, and other Open Government reforms and regulations remain important issues facing the Office of the City Clerk.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Performance and Resource Overview (Cont'd.)







Opportunities to optimize the use of technology are currently limited to what can be automated and/or improved with current resources. The process by which City Council actions are tracked, contracts are indexed and retrieved, and memorandums and reports are presented to Council remains complex and labor-intensive. The remaining balance of funds from the one-time addition of \$127,000, rebudgeted in 2006-2007 to improve technology in the Office, has been used for several projects that will greatly enhance access to information, including updating and codifying the Municipal Code and the City Council Policy Manual, improving web access to campaign financial disclosure reports and lobbyist activity reports, and planning for the online access to Form 700 Statements of Economic Interests for mandated filers including the Mayor and City Council, Planning Commission, and City Council Appointees. The Office continues to explore "best practices" used by other large cities, consider partnerships with outside sources, and work closely with the Information Technology Department to identify technological solutions to streamline workflow and increase efficiencies. Providing City staff and the public with easy access to information remains a high priority goal for the Office of the City Clerk.

Recent process improvements, including the implementation of online filing for campaign disclosure statements, video-archiving City Council and Council Committee meetings, and posting more documents on the Office of the City Clerk's website have served to increase efficiency and effectiveness in the delivery of services to the community. As an Office that provides strategic support services, the operational workload is driven by the needs of customers. The need to respond to the volume of transactions regardless of the resources available encourages the Office to explore alternative, more efficient methods of providing services. Consistent with City Council approval of the Mayor's June Budget Message, a 1.0 Analyst II position has been added to the Office of the City Clerk to increase the Office's capacity to provide customers with easy access to City information in a more timely manner. In addition, \$25,000 in one-time non-personal/equipment funding will be used to upgrade computers and scanners in the Office as well as set up a city-wide Public Records Act training program. Approved budget reductions include the elimination of \$1,720 in overtime funding and a \$15,273 one-time reduction to the non-personal/equipment budget.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process Office of the City Clerk

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of Council and Committee reports available on the web 7 days before the meeting	75%	75%	90%	95%
 Estimated cost to document & track legislative actions per Council meeting	\$8,000	\$8,500	\$8,500	\$8,819
 % of information retrieval requests fulfilled within the time specified				
- Available in office – 24 hours	95%	95%	95%	95%
- Retrieval from storage – 72 hours	95%	95%	95%	95%
 % of Council reports available at least 72 hours prior to a Council Meeting	88%	95%	95%	95%
 % of customers rating the accessibility of information services provided as good or excellent	85%	85%	N/A*	N/A*
 % of customers rating the Clerk's service delivery as efficient	85%	85%	N/A*	N/A*

Changes to Performance Measures from 2006-2007 Adopted Budget: No

* Previous survey methodology was deemed less than reliable because the response rate was so low. Better methods for measuring customer satisfaction are being explored.

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of meetings staffed	170	190	220	200
Number of board/commission applications processed	200	185	110	120
Number of contracts processed*	3,150	3,250	3,200	3,000
Number of Statements of Economic Interests processed	1,250	1,300	1,500	1,400
Number of campaign filings processed	250	375	430	400
Cost of legal publications	\$110,000	\$130,000	\$120,000	\$128,000

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

* Includes Council Office and Hewlett-Packard Grants beginning 2005-2006.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 1,045,651	\$ 1,251,325	\$ 1,568,069	\$ 1,657,749	32.5%
Non-Personal/Equipment	1,228,883	1,053,039	1,024,563	1,174,290	11.5%
Total	\$ 2,274,534	\$ 2,304,364	\$ 2,592,632	\$ 2,832,039	22.9%
Authorized Positions	11.50	12.50	14.50	15.50	24.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Services

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY

1. Clerk's Office Non-Personal/Equipment Efficiencies (15,273) (15,273)

This action reduces the Office's non-personal/equipment budget for a one-time savings of \$15,273 and an ongoing savings of \$3,291. The Clerk's Office will reduce costs for supplies and materials, printing, postage, duplicating, and training. (Ongoing savings: \$3,291)

Performance Results:

Cost This action reduces budgeted costs with minimal effect on service delivery.

2. Clerk's Office Overtime Funding (1,720) (1,720)

This action eliminates overtime funding for the Office of the City Clerk. (Ongoing savings: \$1,720)

Performance Results:

Cost This action reduces budgeted costs with minimal effect on service delivery.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Budget Changes By Core Services (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
THE MUNICIPAL LEGISLATIVE PROCESS IS ACCESSIBLE AND OPEN TO THE COMMUNITY (CONT'D.)			
3. Clerk's Office Sunshine Reform Staffing and Non-Personal/Equipment	1.00	116,400	116,400
<p>This action adds a 1.0 Analyst II position to increase the Office's capacity for responding to information requests, accessing public records, and posting meeting notices, agendas, and minutes for the City's boards, committees, and commissions. This action also provides one-time funding for computer and scanner upgrades as well as a city-wide Public Records Act training program. (Ongoing costs: \$91,400)</p> <p>Performance Results: Quality, Customer Satisfaction, Cycle Time This action increases the Office's capacity to provide customers with access to City information in a more timely manner. This action will also increase turnaround times on Public Records Act requests with updated technology and City staff that are better trained in Public Records Act request procedures.</p>			
4. New Fire Station Ballot Measure Election Costs		95,000	95,000
<p>This action funds election costs related to the bond-funded relocation of Fire Station 6/37 (Willow Glen). The station relocation requires voter approval for the proposed use of parkland. The Office of the City Clerk has a 2007-2008 base budget of \$800,000 to fund city-wide issues and the five Council District elections scheduled for June 2008 (Districts 2, 4, 6, 8, 10). The current estimated cost to the City for the June 2008 election is \$894,972. If additional city-wide measures, such as charter changes, are included in this election, the Office would have additional incremental costs. (Ongoing costs: \$0)</p> <p>Performance Results: Cost This action increases the Office of the City Clerk's budget in order to cover election costs in support of the Fire Department's proposed use of parkland.</p>			
5. Rebudget: Clerk's Office Automation Technology		45,000	45,000
<p>This action rebudgets unexpended 2006-2007 funds for the city-wide Electronic Content Management System and other technological enhancements to the Clerk's Office. (Ongoing costs: \$0)</p> <p>Performance Results: N/A (Final Budget Modification)</p>			
2007-2008 Adopted Core Service Changes Total	1.00	239,407	239,407

Strategic Support CSA

Strategic Support *Office of the City Clerk*

Strategic Support represents the services provided within the Office that support and guide the provision of the core service.

Key Operational Services:

- ☐ Long Range Policy Development
- ☐ Human Resources
- ☐ Financial Management

Performance and Resource Overview

Strategic support in the Office of the City Clerk includes the underlying systems that allow the Office to function and provide its core service. For 2007-2008, there are no resource changes.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 144,851	\$ 177,703	\$ 195,405	\$ 195,405	10.0%
Non-Personal/Equipment	14,866	17,631	18,133	18,133	2.8%
Total	\$ 159,717	\$ 195,334	\$ 213,538	\$ 213,538	9.3%
Authorized Positions	1.00	2.00	2.00	2.00	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Strategic Support CSA

Office of the City Manager



Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
**Office of the City
Manager**
Office of the Independent
Police Auditor

Mission: *Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs.*

The Office of the City Manager is responsible for supporting the City Council in creating public policy to enhance the quality of life in San José, and for executing that policy direction by leading the City organization in providing excellent services to our residents. In 2007-2008, the organization will be led by a new City Manager. Leading the nation's 10th largest City will come with challenges, and the City Manager will be charged with providing continued strategic leadership to support the City Council and motivate the workforce to continue to deliver high quality achievements, such as: maintaining a high credit rating in a slow growth economy, implementing one of the largest Capital Improvement Programs in the City's history, balancing the City's \$30 billion budget, maintaining successful labor agreements with our labor unions, and most importantly, improving our already high customer service standards.

The City Council has already approved development initiatives that support or guide growth in San José over the next several decades, including the Coyote Valley Specific Plan, North San José Development Policy, and the Evergreen and Edenvale Specific Plans. Additionally, in 2007-2008, the City will initiate a multi-year update of San José's General Plan. The goal of these strategic projects is to bring much needed employment and housing growth to San José that is balanced and supportive of a sustainable community.

It is projected that the local economy and the City's revenue performance will resume modest growth, but not at levels seen in the late 1990s. To that end, and in support of the City Council's goal to fix the structural deficit, the City's ability and capacity to continue to provide essential services is a priority and will be partially predicated on the City's ability to leverage resources as much as possible. The City also faces many exciting opportunities in the near future such as various environmental projects, affordable housing initiatives, the Airport Master Plan implementation, development of a Water Pollution Control Plant Master Plan, and continued advancement of the largest Capital Improvement Program in the City's history.

CSA OUTCOMES

- The Community Receives Customer-Focused, Results-Driven Services
- The Mayor and Council are Effectively Supported in Making Public Policy Decisions
- Employees Understand, are Committed to, and Accountable for, the City's Vision, and Have the Capacity to Achieve It

Strategic Support CSA
Office of the City Manager
FIVE-YEAR BUSINESS PLAN

Current Position ***How are we doing now?***

- In the City's December 2005 Community Survey, 79% of residents rated San José's quality of life as good or excellent, up from 75% in 2003. Fully 76% of residents reported being satisfied with the overall quality of the City service, up from 73% in 2003. The next Community Survey will be conducted in December 2007.
- In City's December 2006 Employee Survey, 85% of employees agreed that the City is a good employer, up from 82% in 2004, and 80% are satisfied with their jobs, up from 78% in 2004.
- This budget adopted strategies to close a shortfall of approximately \$16 million, but shortfalls are forecast for each of the next five years given current revenue and expenditure projections. The City has already cut \$313.1 million and approximately a net 610 positions in the last five years to balance the budget. This budget also begins to lay the foundation for future efforts to address the General Fund's structural deficit and provides an initial allocation of funding toward implementation of Governmental Accounting Standards Board (GASB) 43 and 45, the requirement to have governmental employers include liability and funding progress for retiree health benefits.
- San José has one of the nation's largest capital improvement programs among local governments, enjoys the highest credit ratings among big California cities, and remains the "Safest Big City" in the country, based on FBI crime statistics.
- A new City Manager has been appointed and began work in July 2007.

Selected Community Indicators ***What external conditions influence our strategies?***

- In 2005, the World Knowledge Competitiveness Index ranked San José the world's most competitive knowledge economy.
- In 2006, San José housed 54% of the population in Santa Clara County but had only 40% of the County's jobs.
- The adjusted unemployment rate in December 2006 was 4.1% for the San José Metropolitan Statistical Area, which includes Santa Clara and San Benito Counties. This is an improvement over 2005 when the unemployment rate was 4.5%.

Trends / Issues / Opportunities ***What developments require our response?***

- The City's expenditures exceed revenues, and addressing the structural deficit has been identified as a priority.
- Critical capital infrastructure improvements and/or maintenance have been deferred for many years and, as the City Council has directed, the City has begun to develop a plan that sustains maintenance and preserves infrastructure.
- Even with preliminary signs of economic improvement, the City is not seeing the revenue growth levels needed to close the General Fund "structural budget deficit."
- Residents from all over San José continue to partner with the City to work on improving their communities through the Strong Neighborhoods Initiative, in spite of dwindling resources for physical improvements.
- The City's large investment in capital infrastructure continues, and many of the park, library, and community center projects will be completed and will require additional resources for operations and maintenance. Also, given the escalating costs to deliver capital projects, the City continues to reevaluate the scope of projects that are not yet completed.
- The Airport Master Plan is the largest capital project ever undertaken by the City. This opportunity will create an airport that serves as an economic driver for the region, connects seamlessly to as many ground transportation options as possible, becomes a premier gateway to Silicon Valley, and continues to be a good neighbor to the community.

Trends / Issues / Opportunities

What developments require our response? (Cont'd.)

- Pursuing smart growth and providing housing for all income levels in the community remains a high priority.
- The City continues to support small and local businesses with the implementation of several initiatives including the Small Business Ambassador Program, Counter to Council recommendations, the Business Appreciation Program, and the Shopping Center Improvement Pilot Program, which is being launched in District 10.

Policy Framework

What policies guide our strategies?

- | | |
|--|--|
| ▪ City Charter | ▪ City of San José 2002-2010 Consolidated Plan |
| ▪ City Council Policy Manual | ▪ Sunshine and Open Government Initiatives |
| ▪ San José Municipal Code | ▪ NPDES Wastewater and Storm Water permits |
| ▪ Economic Development Strategy/Counter to Council | ▪ Sustainable City Strategy |
| ▪ Adopted Operating and Capital Budgets | ▪ Fire Five-Year Strategic Master Plan |
| ▪ 2020 General Plan | ▪ Neighborhood Policing Operations Plan |
| ▪ Environmental UN Accords | ▪ Greenprint for Parks and Community Facilities Programs |
| ▪ City-Wide Strong Neighborhoods Initiative | ▪ San José Public Library Master Plan |
| ▪ Airport Master Plan | ▪ City of San José Traffic Level of Service Policy |

Key Strategic Goals & Objectives

Where are we going?

This section organizes the key goals and objectives of the City Manager's Office based on three outcomes. These priorities guide the efforts of City Service Areas (CSAs) and departments in providing services.

Outcome 1: The Community Receives Customer-Focused, Results-Driven Services

- **Performance Based Budgeting** – This 2007-2008 Adopted Budget reflects the continuing evolution of the City's performance-based budgeting and service delivery framework. In 2005-2006, the transition to a performance-based budget was completed and the budget document is now formally organized around the six CSAs. Staff will be working to continue to improve this document and provide information that guides the City Council with resource decisions on levels of service and results that residents can expect from such investment, with a specific focus on eliminating the General Fund structural budget deficit. Additionally, as directed by the City Council, upon completion of a consultant's evaluation of the City's performance measures, CSAs will begin regular reports to Council Committees on selected performance measures.
- **Neighborhood-Focused Service Delivery** – The Strong Neighborhoods Initiative (SNI) will continue to deliver services that break down barriers between City departments and the San José Redevelopment Agency, and work on new ways of partnering with the community to improve neighborhoods. The long-term goal of SNI remains to help neighborhoods strengthen themselves in partnership with City government. The City continues to explore methods of applying this model effectively as it expands city-wide.
- **Neighborhood Priority Setting Session** – In January 2007, the Mayor's Office established a Neighborhood Priority Setting Session that surfaced neighborhood priorities for the budget process. The information obtained has been integrated into the 2007-2008 Adopted Operating and Capital Budgets via the Mayor's March Budget Message. This Session provided residents a unique opportunity to express service priorities prior to the budget's development.

Strategic Support CSA
Office of the City Manager
FIVE-YEAR BUSINESS PLAN

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions

- **City Council Priority Setting Session** – In February 2007, the Mayor’s Office established a City Council Priority Setting Session that surfaced City Council priorities for the budget process. The information obtained has been integrated into the 2007-2008 Adopted Operating and Capital Budgets via the Mayor’s March Budget Message. The City Council, Council Appointees, and Senior Staff participated in this Session, which provided a unique opportunity to informally discuss issues, trends, and policy priorities prior to the budget’s development.
- **Improve the City’s Legislative Objectives** – The City will continue to aggressively work with its federal lobbyists, Patton Boggs, Sacramento representative, and regional partners to focus on advocacy for the City’s legislative priorities at a regional, State, and national level. In 2006-2007, the Administration redeveloped the City’s Legislative Guidelines and, for the first time, established and published Legislative Priorities to better articulate the City’s goals. An evaluation of the Guidelines and Priorities will be conducted in 2007-2008.
- **Improve the City’s Economic Position** – The City will continue to aggressively implement the strategic initiatives and tactics of the Economic Development Strategy (EDS) and various economic development directives. The primary focus will continue to be the City Council-approved 15 strategic initiatives, four of which the Council has designated as the highest priorities: develop strategic partnerships with San José State and other universities to drive innovation and economic impact, evolve and position downtown as a unique, creative, and cultural center of Silicon Valley, support start-up and growth of local businesses, small and large, in technology as well as non-technology fields, and diversify San José’s economic base and preserve/create middle-income jobs.
- **Improve the City’s Budgetary Position** – The 2007-2008 Adopted Budget includes strategies to consolidate, re-engineer, and innovate to preserve as high a level of service as possible to the community, in the face of insufficient resources. The City’s future forecasts also show that those reduced resources cannot sustain the same level of service as provided in the past. A primary goal for the next five years is to find ways to reverse the continuing imbalance in the operating budget between revenue and expenditure growth.
- **Implement Open Government Initiatives** – The City Council continues to provide direction on how to increase the public’s involvement in its public policy or decision making processes, including expanded public access to legislative meetings and public information. During the past year, the City enacted several open government initiatives, the “Reed Reforms,” Sunshine Referrals (June 2006), and the Sunshine Reform Task Force (SRTF). These initiatives create new opportunities for public access to information such as development of a stronger Public Records Act Request tracking system, lobbyist reform, campaign finance reform, disclosure of conflicts of interests, revision of the gift ordinance, and other conduct policies. Over the past year, the SRTF deliberated on several concepts leading to various recommendations for Council consideration. In 2007-2008, the Council will continue implementation of open government initiatives, including consideration of the SRTF recommendations.

Outcome 3: Employees Understand, are Committed to, and Accountable for, the City’s Vision, and Have the Capacity to Achieve it

- **Workforce Succession Planning** – With data projections indicating that up to one-third of the current workforce may retire within the next five years, resources were approved in 2006-2007 to ensure that the City continues to attract and develop a diverse workforce. In addition to developing partnerships with local universities and providing advanced leadership training for current employees, the City has contracted with a consultant to assist in the development of a comprehensive succession planning strategy and work plan. Staff diversity, especially in the executive and senior management positions, will be a key component of the strategy.

Key Strategic Goals & Objectives

Where are we going? (Cont'd.)

- **Employee Values Project** – Under the sponsorship of the City Manager, the Employee Values Project Team led a process to develop an employee-driven set of values as the Team's 2006 Art and Practice of Leadership class project. These employee-driven values will form a foundation for 2007-2008 to enhance efforts to recognize the value and contributions of all City employees, and will be integrated into organizational processes to promote pride among City staff and support critical strategies to recruit and retain a diverse and motivated workforce. The Team's use of an inclusive, "grass-roots" methodology encouraged the contribution of diverse ideas from hundreds of City employees representing all levels of the organization.
- **Post-Employment Benefits** – The implications of the new Government Accounting Standards Board (GASB) statements 43 and 45 are a growing concern for the City, as they are for municipalities nationwide. The work completed to date has identified a total liability of approximately \$1.4 billion for the City's two retirement plans. The Police and Fire Retirement Plan liability is approximately \$813 million and the Federated Retirement System liability is approximately \$622 million. In accordance with Council direction, strategies and concepts will be explored to mitigate the fiscal impact to the City.
- **RECOGNIZE!** – In 2007-2008, in collaboration with employees, the City Administration will continue its efforts to make recognition an institutionalized component of the organization. This effort is driven by a multi-departmental team of employees formed in June 2006 to obtain input on what types of recognition employees find meaningful, research current and best practices, review related City policies and regulations, and build a foundation for a sustainable recognition program.
- **Employer of Choice** – A key initiative in this area is to develop our own employees to become the City leaders of the future. The City already offers a mentoring program and a leadership and supervision academy for new supervisors, a ten-week class focusing on building leadership and supervisory skills in the areas of corporate priorities, problem solving, communication, and interpersonal skills. During 2007-2008, the City Administration will address key areas that have decreased based on the 2006 Employee Survey.
- **Effective Use of Technology** – The City continues to pay particular attention to its use of technology in fostering participatory government, enhancing the efficiency of City staff, and providing helpful, convenient services for the public. City employees and the City Administration continue to look for cost effective and creative uses of technology that continue to make a difference in service delivery. Fiscal constraints have limited the City's ability to fully advance its goals in this area.

Overview

The City Manager's Office Investment Strategy is designed to contribute to a balanced budget, preserve flexibility to provide support to the Mayor and City Council, lead the organization's service delivery, and position the City Manager's Office to sustain optimum performance with the leadership of a new City Manager. Targeted service reductions were approved in order to provide expenditure savings, and the City Manager's Office has made every effort to mitigate these to the extent possible.

Key Investments & Objectives *How will we accomplish our goals?*

Outcome 1: The Community Receives Customer-Focused, Results-Driven Services

Year 1: 2007-2008 – Planned Service Strategies

- Begin providing quarterly reports on performance measures to City Council Committees.
- The City Administrative Projects System (CAPS) was finalized in 2006-2007, but it needs to be updated to match the City's current Strategic Plan.
- Create a comprehensive Facility Re-Use Strategy.
- Oversee various issues involving the use of City-owned facilities.
- Assist and strengthen all communities in San José using the same fundamental principles that guide SNI.
- The Public Outreach function plays a critical role in implementation of various Open Government Initiatives.
- The Capital Improvement Program will address the City's infrastructure needs that have been deferred and is in the process of identifying alternative funding sources to supplement voter-approved projects and minimize reductions.

Year 2: 2008-2009 – Projected Service Strategies

- Continue regular reporting of performance measures to Council Committees.
- Continue to maintain and update CAPS to align with the City's Strategic Plan.
- Implement a more permanent Park's Facility Re-Use Strategy.
- Continue to explore effective methods of applying the SNI model city-wide.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions

Year 1: 2007-2008 – *Planned Service Strategies*

- Continue issuing a Six-Month Horizon Report of key City Council Agenda items scheduled for City Council consideration.
- The base level of investment will continue in intergovernmental relations, with the key focus being advocacy for the City's needs at a regional, State and federal level.
- Continue to support implementation of Open Government Initiatives, including the Sunshine Reform Task Force and approved Reed Reforms.
- Take the lead on the established Grants Oversight Committee focused on coordinating grants city-wide and developing and implementing a city-wide grants database.
- Develop a proposed City/County partnership model that outlines methods to advance mutual interests, based on the City-Water District partnership model.

Year 2: 2008-2009 – *Projected Service Strategies*

- Continue support and implementation of Open Government Initiatives.
- Implement the City/County partnership model if it is approved in 2007-2008.

Outcome 3: Employees Understand, are Committed to, and Accountable for, the City's Vision, and Have the Capacity to Achieve it

Year 1: 2007-2008 – *Planned Service Strategies*

- Continue to strengthen partnerships with the City's employee labor unions.
- Remain closely involved with the Human Resources Department in supporting the existing training programs aimed at succession planning.
- The RECOGNIZE! program will recruit and train a network of recognition ambassadors to more effectively coordinate employee recognition efforts.
- Continue to cultivate external partnerships to recruit new employees and focus on leadership development within the existing workforce.

Year 2: 2008-2009 – *Projected Service Strategies*

- Expand the RECOGNIZE! program to increase staff morale.
- Continue to implement succession planning strategies to meet staffing demands.

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy *Office of the City Manager*

Core Service Purpose

Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Council Relations and Council/Committee Agenda Support | <input type="checkbox"/> Intergovernmental Relations |
| <input type="checkbox"/> Public Policy Development | <input type="checkbox"/> Budget |

Performance and Resource Overview

The City Manager's Office works to ensure that the City Council can rely on thorough, strategic, and impartial staff work in support of its policy and budget decisions. The Council Relations and Budget staff both focus on those goals to ensure that the City Council has the information it needs to make informed decisions. In addition, Intergovernmental Relations staff assists the City Council in its efforts to influence policy-making and legislation in other government jurisdictions.

The Council Relations staff is charged with various responsibilities that support this Core Service, including:

- Oversight of the policy and administrative agenda support for City Council meetings and Council Committees.
- Review of approximately 2,100 Council reports and 700 Information Memos from departments annually, to ensure that these items are ready for Council consideration and review.
- Development of the City Manager's weekly reports to inform the Council of current activities.
- Direct support for the City Manager's one-on-one Council Member meetings.
- Coordination with the City Council toward the development of Committee workplans on a bi-annual basis.
- Support all Study Sessions held by the City Council.
- Maintenance of City Administrative Project System (CAPS), which is a newly developed database that tracks approximately 800 Council referrals.
- Oversight of special projects leading to increased efficiencies to meet this core service, including the Council Priority Setting Session, update of the City Council Policy Manual, and Open Government Reforms.

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

During 2006-2007, in support of more transparency, the City implemented several new City Council approved Open Government Reforms addressing specifically the City Council Agenda Process. These new reforms include an early distribution of significant public interest items, uniform structural changes to the report format to include baseline information, and meeting the newly adopted 10-day memorandum distribution rule. These are just a few of the many new initiatives that create new opportunities for public access to information.

In 2006-2007, the City developed Legislative Guidelines and established, for the first time, Legislative Priorities to better articulate the City's goals. The Legislative Guidelines were redesigned to be more user friendly and to reflect broadly the legislative values of the City of San José for the purpose of having the City's legislative lobbyist or representatives express the City's legislative positions on topics as they may arise during the legislative process. The newly developed Legislative Priorities were approved by the City Council and set the actionable priorities of the City of San José so that legislative performance can be better tracked and reported to the City Council. The City continued to aggressively work with its federal lobbyists, Patton Boggs, Sacramento representative, and regional partners to focus on advocacy for the City's needs on a State and national level. In 2007-2008, staff will focus a great deal of effort on the various State infrastructure bonds and ensuring that the region and the City of San José get their fair share of funding.

The Budget Office is responsible for the development and monitoring of the operating and capital budgets for the City of San José. The following major documents are prepared to transmit this information:

- City Manager's Budget Request and Five-Year Forecast and Revenue Projections for the General Fund and Capital Improvement Program
- Proposed Operating and Capital Budgets
- Adopted Operating and Capital Budgets
- Proposed Fees and Charges Report
- Mid-Year Budget Review
- Annual Report
- Monthly Financial Reports

Budget Office staff also analyze the financial implications of items brought forward for City Council consideration, regularly provide analysis for special projects, and review budget-related City Council referrals. Starting in 2005-2006, the Budget Office assumed responsibility for compiling performance measure information for the City that was previously performed by the QUEST partnership. This performance information is incorporated into the annual budget process and is used by departmental staff throughout the year to measure progress in meeting performance goals. This document is one of the best examples of the Budget Office's commitment to provide the Mayor and City Council with tools to assist them in the very difficult resource allocation decisions the City faces in these times of lean budgets.

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

This past year presented complex challenges for the City Council and the Administration. Against the backdrop of another year of declining resources, the City Council demonstrated remarkable leadership in its ability to set policy that preserves the City's core services, respond to residents' needs, and initiate change that responded to the complex political issues that surfaced such as the lobbyist ordinance, campaign finance amendments, code of ethics amendments, and responding to the media. Recognizing these challenges and continuing to focus on City Council priorities, the Administration will continue to place emphasis on the following:

- Ensure that performance-based budgeting provides meaningful information for making resource decisions;
- Continue to offer the highest level of service with limited resources;
- Improve new technology systems in City Hall and ensure that the organization is trained on the systems;
- Strengthen public policy analysis and training opportunities for staff and City Council;
- Improve the quality and timeliness of information and assistance to the City Council; and
- Improve the Public Records Act Request process.

To inform the 2007-2008 Budget development process, the City Council directed the establishment of a Neighborhood Priority Setting Session in January 2007, which surfaced neighborhood priorities for the budget, as well as a telephone survey that obtained similar information. The information obtained has been integrated into the 2007-2008 Adopted Operating and Capital Budgets via the Mayor's March Budget Message. Additionally, staff prepared a City Council Priority Setting Session which informed the Mayor's March Budget Message and the budget's development. The result of this session was the development of the following three-year goals:

- Maintain our status as the Safest Big City.
- Eliminate the structural budget deficit.
- Reduce deferred maintenance and the infrastructure backlog and develop a strategy to improve the infrastructure.
- Increase economic vitality.
- Provide full funding for parks, pools, community centers and libraries including maintenance, operation, and development.

In addition, the session resulted in the development of a six-month strategic plan which includes actionable items under each of the above goals. This plan will be revisited in September 2007 to check in on the status of the items, as well as to set new ones. In support of this core service, staff anticipates supporting these sessions again in 2007-2008.


In the City's current economic condition, providing support to the City Council in making policy and budgetary decisions is particularly important. In this core service, two key positions have been

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy Office of the City Manager

Performance and Resource Overview (Cont'd.)

eliminated, a vacant 1.0 Senior Executive Analyst position and a vacant 1.0 Assistant to the City Manager position. The impact and anticipated cost savings of these positions are described in more detail in the Budget Changes by Core Service section.

Analyze, Develop, and Recommend Public Policy Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of variance from budgeted unrestricted ending fund balance for the General Fund	11%	10%	10%	10%
<i>Changes to Performance Measures from 2006-2007 Adopted Budget: No</i>				

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of City Council agenda reports approved	2,000	2,000	2,000	1,700
Number of City Council referrals assigned	129	150	140	150*
Number of City-sponsored bills	6	4	5	5
Number of legislative items reviewed	3,600	3,300	3,300	3,300
<i>Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No</i>				

* The City Manager's Office has improved tracking of City Council referrals by the use of the newly implemented CAPS system.

Analyze, Develop and Recommend Public Policy Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 3,611,235	\$ 3,784,837	\$ 4,031,271	\$ 3,775,686	(0.2%)
Non-Personal/Equipment	408,045	462,410	465,610	465,610	0.7%
Total	\$ 4,019,280	\$ 4,247,247	\$ 4,496,881	\$ 4,241,296	(0.1%)
Authorized Positions	28.90	28.90	29.40	27.40	(5.2%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy
Office of the City Manager

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS			
1. City Manager Administration/Special Projects Staffing	(1.00)	(135,525)	(135,525)
<p>This action eliminates a 1.0 Assistant to the City Manager position, vacant since January 2006. This reduction will continue to limit staff's ability to absorb additional special projects, and will require an evaluation of work distribution within the City Manager's Office. Related work functions have been absorbed by an Executive Analyst II (primarily assigned to Domestic Violence Prevention) and a Deputy City Manager. (Ongoing savings: \$135,525)</p> <p>Performance Results: Quality, Cycle Time Current reduced service levels, experienced as a result of this vacancy, will continue on a permanent basis.</p>			
2. City Manager Analytical Staffing	(1.00)	(120,060)	(120,060)
<p>This action eliminates a 1.0 Senior Executive Analyst position, vacant since March 2006. This position was responsible for supporting administrative functions related to operations, special projects, and strategic support within the Manager's Office. Duties related to this position have been absorbed by a Deputy City Manager and an Executive Analyst II. Existing staff will continue to be limited in their ability to take on additional workload. (Ongoing savings: \$120,060)</p> <p>Performance Results: Quality, Cycle Time Current reduced service levels, experienced as a result of this vacancy, will continue on a permanent basis.</p>			
2007-2008 Adopted Core Service Changes Total	(2.00)	(255,585)	(255,585)

Strategic Support CSA

Core Service: Lead and Advance the Organization *Office of the City Manager*

Core Service Purpose

Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity.

Key Operational Services:

☐ Leadership Management

☐ Employee Relations

Performance and Resource Overview

This core service is a central function of the City Manager's Office that directly guides the organization's ability to effectively implement Council directives. Leadership Management helps establish vision and direction that unites the organization toward a common destination. Employee Relations supports this important function, as it is responsible for helping to maintain a sound workforce that is focused on encouraging effective employee relations and supporting a positive, productive, and respectful work environment to enhance the City's ability to deliver efficient, quality customer service.

The City Manager's Office is charged with providing comprehensive administrative leadership to the organization in an increasingly challenging and complex environment. This often results in thinking outside of the box and finding unconventional solutions to resolve current day problems such as traffic calming, neighborhood service delivery, library hours, public safety services/planning, and land-use issues. In addition, effective administrative leadership has also helped implement proactive economic development and fiscally sound initiatives. This approach has resulted in remarkable accomplishments and a pattern of performance where the Administration achieves the City Council's goals and priorities. In the past year, effective leadership has resulted in the following outcomes:

- **Maintained High Credit Ratings:** Each of the three credit rating agencies, Moody's Investor Services, Standard & Poor's, and Fitchratings, confirmed the City's high Aa1/AA+/AA+ bond ratings. These credit ratings, the highest of any large city in California, are a particularly noteworthy achievement given the weak local economy and unpredictable State budget situation over the last several years.
- **Safest Big City:** For the sixth year, San José continued to be recognized as the "Safest Big City in America."
- **San José Grand Prix:** The San José Grand Prix again brought world class racing excitement to downtown streets in July 2006, and it will continue to bring attention to San José nationally and internationally in future years.

Strategic Support CSA

Core Service: Lead and Advance the Organization *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

Additionally, the City is committed to remaining an employer of choice by retaining and maintaining a high quality workforce to serve the residents of San José. One important aspect of this goal is to engage employees in the City's vision so that the workforce realizes the significance of its role in helping the City achieve its priorities. The most recent Employee Survey, conducted in December 2006, reported that 76% of employees understand and support the City's vision to be a customer-focused, results-driven organization. The City Administration hopes to increase performance in this area by implementing additional policies and practices, such as the new Integrated Billing System. Also, in keeping with the City's practices to measure our efforts, we continue to use performance measures to track our progress. In the 2006 Employee Survey, 43% of City employees reported that they utilize performance measures to measure results and make improvements. The organization intends to encourage the increase of this practice by ten percent in 2007-2008.

The City Manager's Office values the contributions of employees and realizes that employees are the greatest resource to attaining the City's vision. The 2006 Employee Survey revealed that 76% of employees agreed that they are provided opportunities to make decisions about how to do their jobs, and coupled with the 2005 Community Survey, this is a clear demonstration that a balance exists. A key initiative in this core service is to develop employees to become the City's future leaders. The City already offers a leadership and supervision academy for new supervisors, a ten-week class focusing on building leadership and supervisory skills in the areas of corporate priorities, problem solving, communication, and interpersonal skills. During 2007-2008, the City Administration will address key areas that have decreased as reported by the 2006 Employee Survey.

A significant component of maintaining an effective workforce includes encouraging positive working relations with our employees, and the City Manager's Office of Employee Relations helps to facilitate those relations through its workforce partnerships. Working in close partnership with employee representatives that included all of the bargaining units participating in the City Labor Alliance (CLA), through the Office of Employee Relations, the City successfully concluded another Voluntary Furlough/Voluntary Reduced Workweek program, which contributed to General Fund savings. The ongoing work with the CLA also resulted in continued employee-related policy development and enhanced communication of those policies to all City employees.

Continued interaction on an individual basis with each of the bargaining units has allowed City staff to resolve labor/employment issues at the lowest level possible, while we continue to foster and build positive working relationships. Employee Relations demonstrated the effectiveness of the City's working partnerships with all of the bargaining groups by successfully negotiating multi-year agreements with all of the City's employee bargaining units, with the exception of one union, resulting in the majority of the City's workforce having current labor agreements. In addition, the Fraud and Audit Hotline, developed to create a safe space for employees to anonymously voice concerns, continues to be a strong tool for employee communication. In an effort to encourage communication and ensure a safe environment for employees, Employee Relations holds grievance





Strategic Support CSA

Core Service: Lead and Advance the Organization *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

hearings, operates the employee and citizen Hotline, and conducts sexual harassment, discrimination, and other personnel investigations. In the 2006 Employee Survey, 15% of participants filed complaints which resulted in a finding of cause due to administrative discrimination, harassment, or accessibility. It is our intention to continue to work to reduce the instances of these occurrences.

The implications of the new Government Accounting Standards Board (GASB) statements 43 and 45 are a growing concern for the City, as they are for municipalities nationwide. The work completed to date has identified a total liability of approximately \$1.4 billion for the City's two retirement plans. The Police and Fire Retirement Plan liability is approximately \$813 million and the Federated Retirement System liability is approximately \$622 million. In accordance with City Council direction, strategies and concepts will be explored to mitigate the fiscal impact to the City.

Lead and Advance the Organization Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of employees who agree or strongly agree they understand and support the City's vision to be a customer-focused, results-driven organization	76%	76%	76%	76%
 % of employees who say they utilize performance measures to track results and make improvements	45%	45%	43%	53%
 % of employees who agree or strongly agree they are provided opportunities to make decisions about how to do their jobs	76%	76%	76%	76%
 % of administrative discrimination, harassment and accessibility complaint investigations resulting in a finding of cause	17%	15%	15%	10%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Strategic Support CSA

Core Service: Lead and Advance the Organization Office of the City Manager

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of "Step 3" grievances received*	16	15	15	15
Number of training sessions offered by the Office of Employee Relations	100	70	65	70
Number of formal disciplines received	59	50	50	50
Number of external fair employment complaints filed	18	15	15	15

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

- * Step 3 grievances are defined as the final step in grievance procedures for internal resolution. If the grievance is not resolved at Step 3, unions may appeal it to arbitration. A grievance is defined as any dispute between the City and a union regarding the interpretation or application of the written Memorandum of Agreement or the Employer-Employee Resolution #39367, as amended.

Lead and Advance the Organization Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,583,665	\$ 1,281,935	\$ 1,376,888	\$ 1,376,888	7.4%
Non-Personal/Equipment	92,528	93,852	97,052	59,270	(36.8%)
Total	\$ 1,676,193	\$ 1,375,787	\$ 1,473,940	\$ 1,436,158	4.4%
Authorized Positions	10.15	10.15	10.15	10.15	0.0%

- * The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Lead and Advance the Organization
Office of the City Manager

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS			
1. Bay Area Employee Relations Service		(37,782)	(37,782)
<p>The City of San José participates in a joint powers agreement with the Bay Area Employee Relations Service (Bay Area ERS). The Bay Area ERS is a Joint Powers Agency consisting of approximately 54 government entities to provide a mechanism for employee relations professionals to share information used to support labor negotiations, position/classification studies and compensation and benefit policy reviews. This action suspends membership in the service for 2007-2008. (Ongoing savings: \$0)</p>			
Performance Results:			
Cycle Time The suspension of this agreement will redirect internal staff resources to complete the research, survey work, compilation, and analysis of necessary information that will no longer be made available through this service.			
2007-2008 Adopted Core Service Changes Total	0.00	(37,782)	(37,782)

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery *Office of the City Manager*

Core Service Purpose

Provide strategic direction and management for city-wide operations and service delivery.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Public Policy Implementation | <input type="checkbox"/> Major Capital Project Support |
| <input type="checkbox"/> Neighborhood Partnerships/Strong Neighborhoods Initiative | <input type="checkbox"/> Public Education & Community Outreach |

Performance and Resource Overview

The City Manager's Office leads and coordinates city-wide service initiatives, provides support to departments and CSAs in their service delivery, and provides outreach and other services directly in support of all of the City's services. The Office must constantly adapt to changing events, service needs, and City Council priorities. The Office's focus is on helping the City organization align to the right priorities, and providing the support it needs to be successful in meeting those priorities.

To that end, the City Manager's Office works closely with departments and CSAs to look at innovative ways to implement public policy and deliver services with limited resources. Below are some of the many noteworthy accomplishments over the past year that resulted from innovative approaches to doing business:

- Continued to Maintain one of the Largest Capital Improvement Programs (CIP) in the City's History
- Continued to be Recognized as the "Safest Big City in America"
- Successfully Hosted the Second San José Grand Prix
- Continued Strong Economic Development Partnerships
- Continued High Customer Service Standards and Successful Implementation of the Customer Service Center
- Maintained High Credit Ratings

In addition to these noteworthy accomplishments, staff continues to build strong neighborhood relationships through support of the Strong Neighborhoods Initiative (SNI). To date, over 120 capital projects have been completed within SNI communities. The City continues to partner with the San José Redevelopment Agency to leverage funding to invest toward the advancement of neighborhood projects. Including \$23.2 million leveraged in City, grant, and foundational support, San José's SNI areas saw over \$75.7 million invested in neighborhood-identified priorities throughout their communities by the end of 2006-2007. These projects, each challenging in their own way, were made possible by the dedication and determination of community members and their City partners.

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery

Office of the City Manager

Performance and Resource Overview (Cont'd.)

In addition to the continuing work in SNI, the City continues to have one of the largest Capital Improvement Programs (CIPs) in the City's history and amongst the largest in the nation. With over 1,000 projects completed over the past five years, the City has enjoyed ground-breakings or ribbon-cuttings virtually every weekend and our track record remains "on-time and on-budget." The City Manager's Office will continue to provide leadership and support through the effective and efficient activities of the CIP Action Team working closely with all City departments. Of particular focus for 2007-2008 is the need to address the escalating costs to deliver capital projects and the need to reevaluate the scope of projects not yet completed. The CIP management effort will include a comprehensive approach toward addressing the City's various infrastructure needs that have been deferred and adjusting the capital improvement projects approved by voters that are no longer feasible in original form, due to escalating construction costs. The CIP is also in the process of identifying alternative funding sources to supplement voter approved projects and minimize reductions.

Staff continues to support the City Council's efforts to improve and promote open, accessible, and inclusive government. Considerable work is underway to address the Sunshine Reform measures approved by the City Council and the Sunshine Reform Task Force (SRTF) pending recommendations, along with the more recently adopted Reed Reforms. The SRTF continues to develop and recommend proposals that allow for increased public access to information, neighborhood participation, and government accountability. The City Manager's Public Outreach Office recently expanded its staffing, and an additional Video/Multimedia Producer position was approved in an effort to provide additional broadcasting of public meetings, such as study sessions and standing committee meetings, both on the Internet and on the City's television station. An additional Senior Executive Analyst position was also approved to serve as the Public Records Manager to lead the City's electronic and paper document retention and management practices. In addition, the Public Outreach Office has increased the visibility of City sponsored events and efforts through increased utilization of the City's website and through publications for employees and the public.

All of these activities and staff's continuous dedication and support to delivering these services to our residents with high performance and standards can be seen in the last Community Survey, conducted fall 2005, as reflected in the performance measurements on the following pages. Overall, the survey results continue to reflect positive perceptions about San José and the services the City provides. Over the six-year period since 2000, while most ratings have either held steady or improved slightly, several areas show a 10% or higher positive increase in perceived satisfaction, including the following:







- Traffic flow on city streets and freeways during commutes
- Traffic impacts in neighborhoods
- Library materials, availability and branch open hours
- Removing graffiti
- Protecting open space

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

In this core service, one key position, a 1.0 Deputy City Manager that will be vacant after a retirement in the first quarter of 2007-2008 has been eliminated, 4.0 SNI positions have been transferred to the City Manager's Office from City-Wide Expenses, and two new positions have been added, 1.0 Senior Executive Analyst and 1.0 Video/Multimedia Producer. The impact of these positions is described in more detail in the Budget Changes by Core Service section.

Manage and Coordinate City-Wide Service Delivery Performance Summary	2005-2006 Actual	2006-2007 Target	2006-2007 Estimated	2007-2008 Target
 % of core services meeting or exceeding levels established by the City Council	66%	70%	68%	70%
 % of core services using formal customer feedback mechanisms to make improvements in service delivery	93%	85%	86%	85%
 % of core services meeting or exceeding their cycle time targets	61%	65%	49%	60%
 % of residents that are satisfied or very satisfied with the quality of City services	75%	76%	76%	76%
 % of residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy and competence of City employees	78%	80%	80%	80%
 % of residents rating the quality of life in San José as good or excellent	73%	79%	79%	79%

Changes to Performance Measures from 2006-2007 Adopted Budget: No

Activity & Workload Highlights	2005-2006 Actual	2006-2007 Forecast	2006-2007 Estimated	2007-2008 Forecast
Number of contracts/agreements approved	1,209	1,400	1,300	1,400

Changes to Activity & Workload Highlights from 2006-2007 Adopted Budget: No

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

Manage & Coordinate City-Wide Service Delivery Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 2,308,310	\$ 3,198,958	\$ 3,383,014	\$ 3,403,273	6.4%
Non-Personal/Equipment	143,363	254,060	260,062	360,062	41.7%
Total	\$ 2,451,673	\$ 3,453,018	\$ 3,643,076	\$ 3,763,335	9.0%
Authorized Positions	21.70	22.70	44.45	49.45	117.8%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS

1. Deputy City Management Staffing	(1.00)	(205,841)	(205,841)
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The City Manager's Office has four Deputy City Manager (DCM) positions. This ongoing reduction eliminates one DCM position, upon a retirement in the first quarter of 2007-2008. Currently, DCMs are responsible for supporting the city service area work model and the City Manager's Office's core services. This particular position is assigned to the Strategic Support CSA, oversees several day-to-day operations, and manages oversight of various city-wide complex contracts and/or grants such as Team San José, Dolce Hayes Mansion, Mexican Heritage Corporation, and the Repertory Theatre. (Ongoing savings: \$274,455)

Performance Results:

Cycle Time This action requires the new City Manager to evaluate the work distribution structure within the City Manager's Office so that existing staff can absorb, to the extent possible, essential work functions relative to this position.

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery *Office of the City Manager*

Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS (CONT'D.)			
2. Strong Neighborhoods Initiative (Expanded)	4.00		
This action continues positions for one more year to support the Building Strong Neighborhoods Pilot Program and Neighborhood Development Center (NDC) team. This action also transfers the positions in the NDC team from City-Wide Expenses to the City Manager's Office, including a 1.0 Community Services Supervisor position, 2.0 Community Coordinator positions, and a 1.0 Analyst II position. The funding for these positions appears in the City-Wide Expenses section of this document. (Ongoing costs: \$0)			
Performance Results:			
Cycle Time This action allows the expansion of SNI city-wide without impacting existing workload.			
3. City Manager Sunshine Reform Staffing and Non-Personal/Equipment	1.00	231,100	231,100
This action adds 1.0 Senior Executive Analyst position as the Public Records Manager to lead the City's electronic and paper document retention and management practices. This action also provides one-time funding in the City Manager's Office's non-personal/equipment budget for Sunshine Reform Task Force support. (Ongoing costs: \$131,100)			
Performance Results:			
Cycle Time, Quality This action will improve City record requests and document retention policies and procedures, as well as provide materials to sustain the work of the Sunshine Reform Task Force and Sunshine Reform initial implementation efforts.			
4. City Manager Multimedia Staffing	1.00	95,000	95,000
This action adds 1.0 Video/Multimedia Producer position to facilitate televising and webcasting additional public meetings on CivicCenter Television. Multimedia staff will have more resources to cover additional nighttime hours, when most other public meetings, for example Planning Commission meetings, occur. A portion of the costs (\$30,000) are offset by a reduction to the City-Wide expenses City Outreach and Education appropriation. (Ongoing costs: \$95,000)			
Performance Results:			
Customer Satisfaction This position will provide residents with greater access to public meetings held by the City.			
2007-2008 Adopted Core Service Changes Total	5.00	120,259	120,259

Strategic Support CSA

Strategic Support *Office of the City Manager*

Strategic Support represents services provided within departments that support and guide the provision of the core services.

Key Operational Services:

☐ Clerical Support

☐ Financial Management

Performance and Resource Overview

The strategic support functions of the Office are essential to the successful provision of the other core services in the City Manager's Office, duties that fall within this core service include support to Administration, city-wide special projects, and fiscal management of accounts payable and receivable. Workloads affiliated with this core service have been impacted over the course of the past few years as the responsibilities assigned to these positions have increased to enable support to various divisions within the City Manager's Office, such as Economic Development and Strong Neighborhoods Initiative, as overall staffing has declined.

Strategic Support Resource Summary	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 172,175	\$ 306,546	\$ 395,828	\$ 495,828	61.7%
Non-Personal/Equipment	46,389	32,184	32,184	132,184	310.7%
Total	\$ 218,564	\$ 338,730	\$ 428,012	\$ 628,012	85.4%
Authorized Positions	3.00	3.00	3.00	3.00	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Strategic Support *Office of the City Manager*

Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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THE MAYOR AND CITY COUNCIL ARE EFFECTIVELY SUPPORTED IN MAKING PUBLIC POLICY DECISIONS

1. Rebudget: City Manager Projects	200,000	200,000
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This action rebudgets unexpended 2006-2007 personal service funds for spending on City Manager's Office special projects, with \$100,000 for personal services and \$100,000 for non-personal/equipment. (Ongoing costs: \$0)

Performance Results: N/A (Final Budget Modification)

2007-2008 Adopted Strategic Support Changes Total	200,000	200,000
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Strategic Support CSA

City-Wide Expenses

Overview

The Strategic Support Program includes funding to design, build, and maintain City facilities, manage the City's financial and technology systems, and ensure the City has qualified, well-trained employees to deliver quality services.

Budget Summary

City-Wide Expenses Resource Summary*	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Strategic Support	\$ 67,770,330	\$ 57,477,031	\$ 44,627,709	\$ 76,718,877	33.5%
Total	\$ 67,770,330	\$ 57,477,031	\$ 44,627,709	\$ 76,718,877	33.5%
Authorized Positions	14.00	14.00	0.00	0.00	(100.0%)

* For a complete listing of allocations for the Strategic Support Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund (\$)
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1. 2-1-1 Call Center **100,000**

This action provides \$100,000 in one-time funds for the second year of a three-year commitment for the United Way 2-1-1 Call Center in Santa Clara County. This action represents a collaborative effort involving United Way, Santa Clara County, and the City to support a telephone number that connects people with community services and volunteer opportunities. While services that are offered through 2-1-1 vary from community to community, 2-1-1 provides callers with information about, and referrals to, human services for everyday needs and in times of crisis. (Ongoing costs: \$0)

2. Arena Community Fund **(125,000)**

As directed in the Mayor's June Budget Message, this action reduces funding from the Arena Community Fund received in 2007-2008 and reallocates it to the Earmarked Reserves: Officeholder Accounts Reserve. (Ongoing savings: \$0) (Final Budget Modification)

3. Banking Services **230,000**

This action recognizes the higher costs anticipated in 2007-2008 associated with increased merchant credit card transaction levels. (Ongoing costs: \$230,000) (Final Budget Modification)

Strategic Support CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
4. City Outreach and Education Efforts		(30,000)
<p>This action reduces the City Outreach and Education appropriation to partially fund the cost of a Video/Multimedia Producer position in the City Manager's Office. This position will provide residents with greater access to public meetings held by the City by televising and webcasting additional public meetings on CivicCenter Television. (Ongoing savings: \$30,000) (Final Budget Modification)</p>		
5. Drug/Alcohol Treatments		(10,000)
<p>This action decentralizes to City departments costs for drug and alcohol treatments for City employees cleared for treatment through the Employee Assistance Program. This appropriation was originally established so that employees with drug and alcohol dependency issues could avail themselves of City-funded treatments. The appropriation was reduced from \$25,000 to \$10,000 in 2003-2004 due to declining usage. As a result of this decentralization, departments will have to absorb treatment-related costs in their budget as necessary, with no service level impacts expected. (Ongoing savings: \$10,000)</p>		
6. Employee Recognition Program		50,000
<p>This action adds one-time funding to the Employee Recognition Program to enhance this revitalized city-wide employee program. The 2006 Employee Survey indicated that less than one-half of respondents agreed that they were satisfied with the level of recognition they received for doing a good job. These funds will be combined with existing ongoing resources of \$25,000 that were approved in 2006-2007 to expand the initial program that recognizes employees' efforts, accomplishments, and value to the organization. (Ongoing costs: \$0)</p>		
7. Information Technology Business Applications Support		1,375,000
<p>This action addresses the need for improved support of day-to-day operations by ensuring that staff develops the necessary skill sets to support city-wide business applications and the converged network. This allocation will do the following: fund contractual services to provide desktop and application support as well as programming services for select departmental applications; fund professional training for Information Technology Department staff in the support of upgraded technologies including voice and data services, the web, and Geographic Information System applications; fund the upgrade of the Computer Aided Dispatch system to stabilize and maximize functionality, efficiency, and reliability of this critical Police and Fire system; and fund contractual services to determine the City's business requirements for a newer Financial Management System. (Ongoing costs: \$0)</p>		
8. Information Technology Electronic Content Management System		1,100,000
<p>This action creates an electronic content management system that will help the City more efficiently store and retrieve documents that will reduce staff time, improve response to Public Records Act requests, and mitigate many risks as a result of data loss. The City currently stores more electronic documents than the Library of Congress, and processes in excess of one million e-mail transactions per day. (Ongoing costs: \$0)</p>		

Strategic Support CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
9. Information Technology Test Lab and Inventory Management System		1,025,000
<p>This action directly addresses the need to improve support of the City's technology infrastructure by establishing a Technology Test Lab and a Technology Inventory Management System. The creation of the Test Lab is in response to the City's external auditor recommendation that program development and testing be restricted to an environment separate from production. The Technology Inventory Management System will more accurately track city-wide technology assets, allowing the City to anticipate replacement costs and reduce the City's risk for non-compliance of software licenses. In addition, one-time purchases for contractual services for the expansion of the converged network and additional licensing for the Information Technology Department Help Desk Work Order System were approved. (Ongoing costs: \$0)</p>		
10. Innovation Program		100,000
<p>This action establishes an Innovation Program, designed to generate ideas from employees on how to increase revenue, reduce costs, and/or improve service delivery. Over time, it is anticipated that the program will become self-funded, as 20% of the revenue or cost savings would be put back into the program. An Innovation Team consisting of representatives from Human Resources, Information Technology, Finance, and the City Manager's Budget Office will oversee this program. (Ongoing costs: \$0)</p>		
11. Police Administration Voice and Data Network Enhancement Project		2,000,000
<p>This action provides one-time funding from the Technology Reserve (\$2,000,000) to cover the costs associated with replacement of existing network equipment for the Police Department campus. During the Information Technology Department's recent assessment of the condition of the technical infrastructure at the campus, it became apparent that the existing network had grown significantly with expanded services over the last five years. Expansion of the network services at City Hall to the Public Safety campus will improve services, allow more efficient use of network support staff, and reduce ongoing operating expenses for leased Centrex services. (Ongoing costs: \$0)</p>		
12. Public Works Standard Plans and Specifications		350,000
<p>This action provides funding to the Public Works Department to perform an update of the City's standard plans and specifications. Providing up-to-date plans and specifications is a standard service that cities provide to their staff, construction companies, consultants, and private developers. The last update was completed in 1992, which has caused staff to devote a significant amount of time to develop "workaround" strategies when the existing plans and specifications are no longer applicable due to changes in contract procurement methods, building materials, and construction methods. It is expected that the cost of this action will be repaid to the General Fund over the course of ten years by the Public Works Program Support Fund and the Public Works Development Fee Program. (Ongoing costs: \$0)</p>		

Strategic Support CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
13. Technology Hardware Replacement		160,855
This action provides one-time funding for the replacement of critical and/or old hardware to minimize disruption of day-to-day City operations. This funding will be used to upgrade the oldest equipment that places the stability of the City network or employee productivity at greatest risk. (Ongoing costs: \$0) (Final Budget Modification)		
14. Technology Legacy Applications Migration		1,400,000
This action provides one-time funding for contractual services to address outstanding business application needs. During 2006-2007, a fit-gap analysis was conducted for the migration of several aging billing systems, some still running on obsolete equipment located at the Old City Hall site. The analysis resulted in the identification of areas where functional and data breaches occur between interdepartmental systems requiring interfaces allowing applications such as IBS, HR/Payroll, Integrated Cashiering and other applications to work efficiently with existing systems. This action will fund professional contractual services for the completion of the legacy system migration. (Ongoing costs: \$0) (Final Budget Modification)		
15. Workers' Compensation Claims		(540,000)
This action reduces Workers' Compensation Claims funding to recognize the anticipated savings generated by the addition of 5.0 Workers' Compensation Adjusters and 1.0 Senior Analyst in the Human Resources Department. These positions are anticipated to be able to proactively manage and investigate workers' compensation claims in order to reduce the costs to the City. (Ongoing savings: \$595,000)		

Strategic Support CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
16. Miscellaneous Rebudgets		24,905,313
The rebudget of unexpended 2006-2007 funds will allow for the completion of the projects in 2007-2008 listed below. (Ongoing costs: \$0) (Final Budget Modification)		
Annual Audit		356,142
Arena Community Fund		242,628
Arts Stabilization Loan Fund		3,166,000
Assistant City Clerk Recruitment		10,320
Budget and Retirement Directors Recruitment		25,240
City Outreach and Education Efforts		160,000
City-Owned Property Database		110,000
City-Wide Broadband Network		50,000
City Volunteer Background Checks		10,000
Comcast Negotiations		90,000
Computer Systems Master Plan		119,144
Council Member Transition Funds		42,844
e-Government Implementation Project		23,000
Elections Commission		37,387
Elections Commission Audit		20,000
Energy/Fuel Usage		270,811
Enterprise Content Management System		500,000
Firewall and Detection Capabilities		48,000
General Fund Structural Deficit Task Force		250,000
General Liability Claims		6,500,000
Geographic Information System Integration		34,928
Human Resources Peoplesoft Hiring Module		78,800
Information Security/Network Architecture Audits		500,000
Investing in Results Efforts		8,991
Management Training		99,071
Old City Hall Land Use Planning		55,000
Old City Hall Remaining System Migration Study		154,007
Pandemic Flu Planning		143,000
Payroll/Human Resources Project		100,000
Public, Educational and Government (PEG) Access Facilities – Capital		1,750,000
Public, Educational and Government (PEG) Access Facilities – Operations		2,000,000
Senior Staff Home Loan Assistance		1,750,000
Sick Leave Payments Upon Retirement		5,500,000
Sunshine Reform		125,000
Training and Continuous Improvement Program		25,000
Walk of Fame		50,000
Workers' Compensation Claims		500,000
2007-2008 Adopted Program Changes Total	0.00	32,091,168

Strategic Support

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves Strategic Support CSA Resource Summary*	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Forecast 3	2007-2008 Adopted 4	% Change (2 to 4)
Capital Contributions	2,788,984	\$ 12,067,635	\$ 1,396,000	\$ 7,096,718	(41.2%)
Transfers to Other Funds	50,000	20,755,562	20,631,800	20,481,800	(1.3%)
Earmarked Reserves	N/A	60,165,469	21,568,000	69,156,221	14.9%
Contingency Reserve	N/A	27,005,000	27,290,000	29,138,799	7.9%
Total	\$ 2,838,984	\$ 119,993,666	\$ 70,885,800	\$ 125,873,538	4.9%
Authorized Positions	N/A	N/A	N/A	N/A	N/A

* For a complete listing of allocations for the Capital Contributions, Transfers to Other Funds, and Earmarked Reserves Programs for the Strategic Support CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

Budget Changes by Program

Adopted Program Changes	Positions	General Fund (\$)
1. Capital Contributions: Central Service Yard-Phase I Debt Service Payments Funding Shift		(796,000)
<p>This action shifts, for two years, the General Fund portion of the payment for debt service for the Central Service Yard, Phase I to the Service Yards Construction and Conveyance Tax Fund in the Service Yards Capital Program. As previously approved by the City Council, for 2007-2008 half of the General Fund payment (\$878,000) has been shifted to this fund as part of a 2006-2007 budget balancing action. In 2007-2008 and 2008-2009, it is projected that there are sufficient resources in the Service Yards Construction and Conveyance Tax Fund to absorb this action with no project impacts expected. (Ongoing savings: \$800,000)</p>		
2. Capital Contributions: City Hall Network Operations Center Secondary Cooling System		1,304,000
<p>This action establishes one-time funding in the amount of \$1,304,000 for a secondary cooling system for the City Hall Network Operations Center. The Network Operations Center is required to be kept at approximately 68 degrees in order to protect the City's computer network and telephone equipment it contains. In the event that the City Hall primary air-cooling system fails to operate, a back-up air-cooling system that would provide emergency cooling of the Network Operations Center space is needed to maintain network operations and protect all server and telephone equipment. (Ongoing costs: \$0)</p>		

Strategic Support

General Fund Capital, Transfers, and Reserves

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
3. Capital Contributions: Rebudget of 2006-2007 Projects		5,192,718
This action provides for the rebudgeting of funding for completion of capital projects authorized in 2006-2007. Projects in the Strategic Support CSA include COPS 2003-2004 Interoperable Communications Grant (\$4,717,718), Facilities Infrastructure Maintenance Backlog (\$337,000), Closed Landfill Compliance (\$88,000), and Watson Site Planning and Remediation (\$50,000). (Ongoing costs: \$0) (Final Budget Modification)		
4. Transfers to Other Funds: Vehicle Replacement/ General Fleet		(150,000)
This action reduces the transfer from the General Fund to the Vehicle Maintenance and Operations Fund on an ongoing basis for vehicle replacement of the general fleet. The remaining transfer will provide \$1.6 million to fund general fleet vehicle replacement needs with no service level impacts expected. (Ongoing savings: \$150,000)		
5. Earmarked Reserves: Computer and Equipment Reserves Elimination		(350,000)
This action liquidates the Earmarked Reserves for Computer (\$250,000) and Equipment (\$100,000) purchases as established in the 2007-2008 General Fund Forecast Base Budget. These funds were approved to be liquidated and allocated to equipment and computer purchases in the General Fund in various departments. (Ongoing savings: \$0)		
6. Earmarked Reserves: GASB 43/45 Liability Funding		2,000,000
This action provides one-time funding to establish an initial investment to begin to address the long-term liability of "Other Post Employment Benefits" that are provided by the City, such as retiree health benefits. The General Fund's share of this contribution would be \$1.6 million. Two recent Governmental Accounting Standards Board (GASB) accounting statements (number 43 and 45) require these changes in accounting and external reporting. Actuarial studies have been completed on the City's two retirement plans, Federated and Police and Fire, to calculate the liability under these new accounting standards. Based on the most recent analysis, the total liability could be as high as \$1.65 billion, with annual required contributions of over \$134 million. This liability is shared by the City and employees, as contributions from both the City and current employees provide the funding for retiree health benefits. Contributions for retiree medicare benefits are made by the City and the employees in a one-to-one ratio (50/50 split) and contributions for dental benefits are made in an eight-to-three ratio. (Ongoing costs: \$0)		
7. Earmarked Reserves: Officeholder Accounts Reserve		125,000
This action sets aside funding for possible use for constituent outreach and attending community events in the event that the City Council decides to eliminate officeholder accounts. (Ongoing costs: \$0) (Final Budget Modification)		

Strategic Support

General Fund Capital, Transfers, and Reserves

Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
8. Earmarked Reserves: Salary and Benefit Reserve - Voluntary Furlough and Special Reduced Work Week		(250,000)
<p>This action reduces the Salary and Benefit Earmarked Reserve to reflect the savings expected to result from a voluntary furlough and special reduced work week program for employees in 2007-2008. Implementation of this program for a fifth year in a row is subject to the meet and confer process with the City's bargaining units. In order to minimize impacts to City operations and service levels, the programs will again not result in a city-wide closure, but will be implemented having employees schedule unpaid time off at some point during the fiscal year. (Ongoing savings: \$0)</p>		
9. Earmarked Reserves: Sunshine Reform Reserve		250,000
<p>This action sets aside funding for possible website needs once the Sunshine Reform Task Force has completed its work. Funding in the amount of \$250,000 was originally provided to complete a comprehensive website analysis to evaluate the City's web services. At this time it is still unclear what impacts the reforms will have on the City's website. (Ongoing costs: \$0) (Final Budget Modification)</p>		
10. Earmarked Reserves: Rebudgets		45,813,221
<p>This action provides for the rebudgeting of unexpended 2006-2007 funding from various Earmarked Reserves listed below. (Ongoing costs: \$0) (Final Budget Modification)</p>		
Airport Overhead Reimbursement	3,006,000	
Economic Uncertainty	3,958,415	
Future Capital Projects (FF&E)	6,824,806	
Fuel Usage	750,000	
Salary and Benefit	21,274,000	
Workers' Compensation/General Liability	10,000,000	
11. Contingency Reserve: Rebudget		1,848,799
<p>This action rebudgets unused 2006-2007 funding included in the General Fund Contingency Reserve. (Ongoing costs: \$0) (Final Budget Modification)</p>		
2007-2008 Adopted Program Changes Total	0.00	54,987,738